



Regional Government in England



The Constitution Unit

The Independent Inquiry into the
Implementation of Constitutional Reform



Faculty of Laws
University College London

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
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The Constitution Unit is a research project set up in April 1995 to conduct an independent inquiry into the implementation of constitutional reform. The Unit aims to: analyse current proposals for constitutional reform; explore the connections between them; and identify the practical steps involved in putting constitutional reforms in place.


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A series of reports is being published by the Unit during 1996. Each report will be accompanied by a briefing. The reports deal with the practicalities of planning and legislating for constitutional reform; reform of the House of Lords; the introduction of devolved assemblies in Scotland, Wales and the English regions; human rights legislation; the relationship between constitutional reform in the UK and changes in Europe; and the use of referendums. Copies of the reports and briefings can be obtained direct from the Constitution Unit.

In the preparation of this report, the Unit has been assisted by a wide network of experts who have contributed to our work. We have also benefited greatly from the advice of a Consultative Group, chaired by Paul McQuail, comprising: Sir Jeremy Beecham, David Edmonds, Professor Malcolm Grant, Rita Hale, John Harwood, Pat Kneen, Professor Janice Morphet, Professor Gerry Stoker and Tony Travers. Neither our advisers nor the Faculty of Laws, University College London, are responsible for the conclusions and recommendations of this report, which are those of the Unit alone. The principal authors of this report are Katy Donnelly and Paul McQuail.



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Contents

EXECUTIVE SUMMARY	5
CHAPTER 1: INTRODUCTION	11
Background	12
Scope of this Report	13
Structure of this Report	14
Conclusion	14
CHAPTER 2: HISTORICAL BACKGROUND AND CURRENT POLICIES	15
Introduction	16
Previous English Discussions	16
Current Policies of the Political Parties	19
Conclusion	22
CHAPTER 3: THE CASE FOR REGIONAL GOVERNMENT IN ENGLAND	23
Introduction	24
The Strength of the Case for Change	24
Democratic Arguments	25
Functional Arguments	28
Conclusion	31
CHAPTER 4: LOCAL GOVERNMENT AND REGIONAL CO-ORDINATION	33
Introduction	34
Developments in Local Government	34
Local Government Co-operation and Co-ordination	35
Conclusion	37
CHAPTER 5: GOVERNMENT OFFICES FOR THE REGIONS	39
Introduction	40
Origins and Role of the Government Offices for the Regions	40
Early Days of the Government Offices	41
Future Developments	45
Conclusion	47
CHAPTER 6: QUANGOS AND OTHER BODIES	49
Introduction	50
What is a Quango?	50
The Charge Against Quangos	51
Accountability	51
Local Quangos	55
Conclusion	56
CHAPTER 7: REGIONAL GOVERNMENT AND EUROPE	57
Introduction	58
Other Member States' Experience	58
Regions in the European Union	64
Conclusion	66

CHAPTER 8: OPTIONS FOR CHANGE	67
Introduction	68
Conceptual Models	68
Some Basic Objectives	69
Establishing a Regional Tier	70
Conclusion	73
CHAPTER 9: REGIONAL CHAMBERS	75
Introduction	76
Strategic Co-ordination	76
Democratic Oversight	81
Relations with Other Tiers of Government	83
Decisions Required	83
Conclusion	88
CHAPTER 10: REGIONAL CHAMBERS: IS LEGISLATION REQUIRED?	89
Introduction	90
A White Paper	90
Legislative Provision	91
Conclusion	92
CHAPTER 11: LONDON AND THE SOUTH EAST	93
Introduction	94
Defining the South East Region	94
Options Available to the South East	95
London	96
Conclusion	97
CHAPTER 12: DIRECTLY ELECTED REGIONAL ASSEMBLIES	99
Introduction	100
What Will Regional Assemblies Do?	101
Finance	103
Relations with Other Tiers of Government	106
Establishing Regional Assemblies	107
Conditions to be Met	109
Referendums	109
Boundaries	110
Representation	111
Uniformity or Diversity	113
Conclusion	114
CHAPTER 13: CONCLUDING OBSERVATIONS	115
Introduction	116
Checklist of Decisions	116
Conclusion	117
REFERENCES	118

Executive Summary

Executive Summary

Current proposals for regional government in England are a response to: growing dissatisfaction with highly centralised government; a decline in the autonomy of local government and a perceived failure to address regional economic development and strategic planning needs. Discontent with rule from London has been reinforced by 17 years of single party Government at Westminster, whilst interest in regional government in England has been boosted by the prospect of wider constitutional change: a regional dimension in European Union affairs; and - most acutely - the possibility of a Scottish Parliament, Welsh Assembly and an authority for London (all advocated by the opposition parties).

Both the Labour Party and the Liberal Democrats have put forward plans for democratic regional assemblies in England, although their proposals differ significantly as to the speed of change, the role and functions of assemblies and their long term constitutional status. The Conservative Party has not traditionally supported regional government, but in the last two years the current Government has carried out its own regional initiative in creating Government Offices for the Regions, integrating the regional administration of central government functions.

The Case for Regional Government in England

A workable and durable regional tier requires clear analysis of the reasons why it is to be established and the role and functions it is to perform. Arguments advanced in favour of regional government are both democratic and functional.

Democratic

- regional identity requires democratic recognition.
- for those parts of England where the national governing party commands little support, there is a need to provide a regional means of satisfying the political disfranchisement felt.
- a *de facto* layer of regional administration through Government Offices, agencies and quangos has grown up which needs democratic supervision in the region.

Functional

Local authorities and other representative bodies agree that there are certain functions whose effective operation needs areas larger than local authorities but smaller than England as a whole. These are identified as:

- strategic land use planning.
- transport.
- economic development.
- putting together, and implementing programmes for EU funding.

Options for Change

The test of seriousness of a Government's purpose in establishing a new regional tier will be its willingness to take positive steps to divest itself of power to local government or new regional bodies.

There is a number of models which would increase democratic control at a sub-national level:

- restoring local government powers and functions.
- regional parliamentary assemblies composed of MPs and perhaps MEPs.
- a confederation of local authorities through appointed (or elected) representatives.
- directly elected assemblies.
- a body based on the rationalisation and merger of bodies operating in the region which are of a strategic nature (police, health, regional arms of selected quangos and other agencies).

These are not mutually exclusive, but most promising at regional level are the models of indirectly elected Regional Chambers (a confederation of local authorities) and directly elected Regional Assemblies (an independent tier) which are adopted as the framework of this report. These broadly equate to the bodies proposed by the Labour Party, and in the case of Assemblies to the regional authorities proposed by the Liberal Democrats.

Some Basic Objectives

Chambers need to meet the basic objectives of utility and credibility; they should have a coherent group of powers and responsibilities which would continue to make sense even if directly elected Assemblies were never to be established. The functions should be sufficient to give a fair test of a distinct step on the road to regional devolution.

In addition, considerations of equity, distribution of power and clarity need to be kept in mind at both Chamber and Assembly stage. National standards may need to be balanced against regional autonomy. The relationships between new regional bodies and existing institutions must be clear and well understood if they are to be useful and command support.

Process of Establishment

It is a major leap to directly elected and powerful devolved assemblies in England. Given the necessary political will, it would be possible to move straight to directly elected Assemblies. However, the uneven support for regional government, points to a period of transition which could vary considerably from region to region and would involve the establishment of indirectly elected Regional Chambers as an interim step. A key choice, with practical implications, is between a process of rapid transition and one which clearly separates the two models.

Rapid transition would establish the Regional Chambers as essentially preparatory to an early move to directly elected Assemblies. Legislation would be needed to provide for Regional Assemblies from the outset; the role of the Regional Chambers, being transitional only, would be less significant.

Staged transition would assume that the Chambers are potentially a permanent state and certainly one that is self-contained. The creation of Regional Assemblies later would depend on demand.

Regional Chambers

A credible national pattern of Chambers would need a number of decisions by Government on the following issues.

Functions

The functions of Regional Chambers would be likely to include strategic co-ordination of land-use planning, transport, environmental and economic development and European funding bids. Central to this approach would be the development of a regional strategy. Such a strategy would be linked with strategic planning guidance and transport plans for the region. Regional Development Agencies - if established - would have a key role in implementation, in partnership with the Government Office, and with other regional actors: regional quangos, the business community, the voluntary sector, and training and educational bodies.

The other main function proposed for Chambers is democratic oversight of quangos and related bodies at a regional level. As quangos are responsible to and funded by central government, a decision to make them regionally accountable would require a Government initiated review of their terms of reference to establish whether, and if so how, they are to be more responsive to regional requirements.

Two main models for democratic oversight of quangos have been advanced: scrutiny and partnership. There is an inherent difficulty in proposing that the Chambers should act in partnership with regional quangos and other agencies, while at the same time scrutinising them and possibly invoking sanctions as a consequence. Partnership would be easier to secure with a collaborative version of the scrutiny role.

The Government Offices for the Regions exist to co-ordinate and deliver central government functions in the regions: their instructions and resources are provided by Ministers. Even with the establishment of a regional tier of government, there will be a continuing need for central government presence in the regions. These central government operations can give an account, but cannot be called to account by indirectly elected Regional Chambers; their accountability must follow their lines of accountability upwards to Whitehall and Ministers.

Boundaries

If progress is to be made quickly, there is a strong case for adopting an existing pattern of boundaries for the Chamber stage. Where there are differences between the boundaries of the Government Offices and regional associations, a short period of consultation should be provided for deciding about Cumbria, Merseyside and the North West; and the South East. Assuming that a new strategic authority is established for London, a key requirement in the South East is that the regional structure should provide for effective resolution of the major land use planning decisions of the region as a whole, including London.

Representation

Membership of the Chambers should provide a sense of regional ownership of the Chambers, ensuring the representation of sub-regional interests, of different types of local authority, and reflecting the political balance of the region. A decision is required on how to provide for the representation of non-elected members in recognition of the need for Chambers to work with partners in the business and voluntary sectors, as local authorities have increasingly done in recent years.

Finance

The strategic and deliberative nature of Chambers' functions means their expenditure would be small, but greater than that of the existing regional associations. They should be financed, if there is legislation, by precepting on local authorities, and be subject to the same rules on expenditure limitation as existing local authorities.

Is Legislation Required?

A White Paper could support progress to Regional Chambers by publicly committing a Government and including a clear statement of intent about further stages. However, without some legislative backing there would be significant limitations on what Chambers could achieve. They would lack the authority which legislative establishment provides, funding would depend on voluntary agreement and the extent of their activities must derive from their constituent local authorities' powers and could be disputed. There would be substantial advantage in giving legislative backing to Chambers at an early stage. This need contain only minimum provisions for establishing Chambers - unless a prior decision had been made to proceed to Assemblies.

Regional Assemblies

At the Regional Assembly stage significant devolution of central government functions would become feasible. Direct election of a regional body would produce lines of decision making and accountability that would make possible the exercise of executive powers at a regional level. Without clear definition of such powers, it is doubtful whether the transition from indirectly elected Chambers to directly elected Assemblies would be justified or would command enough support from the electorate in the regions.

Functions

There is a number of possible models for Regional Assemblies, involving different degrees of decentralisation. Further public debate is clearly needed before decisions are made. A fundamental decision will be the extent to which central government is prepared to give up powers to a regional tier. Directly elected bodies could in theory take on only the functions of Regional Chambers, but little would be gained by the time and effort involved. There could even be a net loss because, unlike Chambers, Assemblies would not provide a forum for local government co-operation. A second major decision is how far the Assemblies would assume the function of allocating resources between local authorities: the latter would not welcome this.

In legislating for Regional Assemblies, a decision will need to be taken about whether variation between the regions can be tolerated and, if so, in which areas and to what extent. It will be necessary to determine whether there are areas of activity or issues relating to the composition, structures and organisation of Assemblies which demand uniform treatment; and whether there are items where variation would be possible or even positively desirable.

Boundaries

The main decision required in relation to boundaries is whether the same boundaries should be maintained for Chamber and Assembly stages; and if there is a change, who should decide the new boundaries and how. Proposed boundaries could be subject to a referendum, which in some regions may be the only practical way in which decisions about boundaries could gain sufficient recognition to safeguard their long-term acceptance.

Representation

The geographical distribution of party political support strengthens the possibility of one party domination at regional level. There is therefore a strong case for electing Regional Assemblies by a system of proportional representation.

Finance

The method of funding Regional Assemblies needs to be appropriate in light of their functions. Funding should follow functions allocated to the Assemblies. There are various feasible sources of finance for Regional Assemblies, principally: a block grant from central government, a regional income or sales tax, a precept or a combination of these.

Legislation

The uneven progression to Regional Assemblies which seems likely will make framing the legislation difficult. In particular, it would have to accommodate the establishment of Assemblies at different times, and may also need to allow for the creation of Assemblies with different sets of powers.

Chapter 1

Introduction

*"It is the Folly of too many, to mistake the Eccho of
a London Coffee House for the Voice of the Kingdom"*

Jonathan Swift, *The Conduct of the Allies*, 1711

Background

- 1 Debate about sub-national structures of government has been a recurring theme in British politics throughout this century - mainly concerned with Scotland, Wales and above all Ireland. Current proposals for regional government in England, coming from - amongst others - the opposition parties and local government, are a response to growing dissatisfaction with highly centralised government, a decline in the autonomy of local government and a perceived failure to address regional economic development and strategic planning needs. Discontent with being governed from London has been reinforced by 17 years of single party domination in Westminster, whilst interest in regional government in England has been boosted by the prospect of wider constitutional change: a regional dimension in European Union affairs; and - most acutely - the possibility of a Scottish Parliament, Welsh Assembly and an authority for London (all advocated by the opposition parties).
- 2 The importance of the regional agenda has been recognised by all three main political parties, albeit from different perspectives. Both the Labour Party and the Liberal Democrats have put forward plans for regional assemblies in England based on election, although their proposals differ significantly as to the speed of change, the role and functions of assemblies and their long term constitutional status. The opposition parties' proposals for regional government also sit within a wider programme of constitutional change, including reform of the House of Lords; a Freedom of Information Act; incorporation of the European Convention on Human Rights and a UK Bill of Rights; reform of the electoral system; and devolution to Scotland and Wales. The Conservative Party has not traditionally supported regional government, but in the last two years the current Government has carried out its own regional initiative in creating Government Offices for the Regions, integrating the administration of central government functions at a regional level.
- 3 If the public debate about regional government in England has not been generally vigorous or urgent, there is at least one existing region - the North East - where it has been high on the agenda. This is reflected in much stronger and more specific regional initiatives and proposals for a directly elected body than elsewhere in England. Consciousness in the North East is higher in part because of distance from London; even more because of neighbourhood with Scotland. Bringing forward - as the Labour Party promises to - early legislation for devolution in Scotland and Wales and for a strategic authority for London, will intensify demands, at least in the North East, for action in England.
- 4 Whether those demands will translate into action depends critically on the response of the Government of the day, and the political will to create a regional tier of government in England. In the 1970s the Labour Government abandoned its tentative proposals for regional government after it had introduced devolution legislation for Scotland and Wales, and there was hardly any comeback. The priority given to regional government this time round will depend on the size and composition of a new Government's parliamentary majority, and on whether the Northern MPs can mount an effective campaign and attract support from other regions.
- 5 If the Government is keen to do something it will also require the political commitment of an individual Minister. Regional government has no obvious patron amongst the departments in Whitehall, and will take considerable political will and skill to overcome the scepticism of Ministerial colleagues, and to win a place for regional government in the Government's legislative programme. That will only happen if regional government has a powerful political champion.

Scope of this Report

- 6 This report considers the case for introducing a democratically accountable regional tier of government in England, drawing a clear distinction between administrative decentralisation of government functions - essentially about the internal management structures of central government - and the devolution of power to regional bodies with their own democratic basis - a transfer of power from the centre to the regions.
- 7 The framework of this report is the devolution of power to regional bodies, as opposed to the design of a federal system. The fundamental difference in this context is that a devolved form of regional government is, by definition, created by the act of a superior body, devolving some of its own powers and responsibilities to a subordinate one and could be discontinued by act of the superior. In federal systems, the centre and regions stand equal with one another with the distribution of powers and responsibilities set out in a basic constitutional document.
- 8 It would be possible to introduce a 'federal settlement' in the United Kingdom if it were embodied in a written constitution. The IPPR's *Constitution of the United Kingdom* proposed such a model¹ and the Liberal Democrats advocate what is in effect a federal structure in the long term. However, such an all round, one off, settlement is not on the practical political agenda at present; for example, both the Labour Party and the Liberal Democrats envisage the creation of regional government but only in response to regional demand and therefore by implication not a uniform development. A federal system could only provide a sensible model for the development of English regional government on the basis of decentralisation to all the nations and regions of the United Kingdom at the same time. There is no such thing as 'rolling federalism'.
- 9 A federal UK, either of four nations, or of three nations and a number of English regions (as the Memorandum of Dissent to the 1973 report of the Royal Commission on the Constitution proposed) is likely to remain only a theoretical construct. This report considers how English regional government is likely to develop in practice (and does not look at proposals for London in detail). Our focus is on the immediate and the practical: on the starting point for regional government, in terms of the existing machinery and the likely initial steps. More than in the Unit's other reports we have dwelt on the early stages of the process, because even these are poorly defined. We recognise that for regional government to develop its full potential wider constitutional changes would be required; and we intend in a later report to return to the constitutional framework which might be needed as part of a wider constitutional settlement, including (but not limited to) devolution to Scotland, Wales and the regions of England.
- 10 It is a major leap from where we are now to directly elected and powerful devolved assemblies in England as the voluntarist approach proposed by the opposition parties recognises. If it is accepted that not all regions will want directly elected assemblies and of those that do, some will want to move more quickly than others towards that goal, it implies also that a period of preparation and transition would be required. This report focuses on two models of regional government: indirectly elected bodies drawn from local government - referred to as Regional Chambers - and directly elected bodies - referred to as Regional Assemblies. If Regional Chambers are established it is for decision whether transition from one to the other is to be rapid, with the establishment of Regional Chambers preparatory to an early move to Regional Assemblies, or staged, accepting the possibility that Regional Chambers remain permanent in some regions. In considering these models, the Constitution Unit has taken recent proposals for regional government from the Labour Party, the Liberal Democrats and local government as a starting point and sought to define key choices about objectives and practical means of implementation.

Structure of this Report

- 11 Regional government in England is one of the least well defined areas of the constitutional reform agenda. Chapter 2 therefore sets out past experience of regionalism in England and the options currently put forward by the opposition parties for regional government, providing a framework for consideration of options for the future. Chapter 3 goes on to evaluate the case for regional government, drawing out the objectives of establishing a regional tier. The next four chapters consider the context in which the debate about regional government has re-surfaced and possible future developments: Chapter 4 explores recent changes in local government and existing local government co-ordination at a regional level; Chapter 5 examines the Government Offices for the Regions and assesses the prospects for further expansion of their role; Chapter 6 looks at the activities of quangos in the regions and issues raised about their accountability; and finally, Chapter 7 offers a comparative perspective, assessing regionalism in Europe and the lessons that can be drawn for England.
- 12 Chapter 8 resumes the argument developed in Chapter 3 and sets out the possible models for regional government and considers issues of implementation, including the functions and competences of a regional tier; whether a gradual or comprehensive approach should be adopted; and the relations between different tiers of government. The next two chapters consider in more detail the implementation of an indirectly elected tier of regional government, referred to as Regional Chambers. Chapter 9 examines the role and functions of Regional Chambers, and Chapter 10 the legislative provision which may be required. Chapter 11 looks separately at these issues in relation to the unique requirements of London and the South East.
- 13 Chapters 12 moves onto examine directly elected regional bodies, referred to as Regional Assemblies, considering first the possible role and functions of a directly elected regional tier and then assessing the process of establishing Assemblies. Finally, Chapter 13 provides a checklist of the decisions that need to be taken if any version of regional devolution in England is to happen.

Conclusion

- 14 Most of the discussion as there as been about regional government in England has been within the existing constitutional framework: it has not raised fundamental issues about the sovereignty of Westminster. The introduction of a regional tier, particularly if directly elected, would, however, require answers to important questions about relations between possible new regional bodies either with Parliament and central government or with local government. This report refers to some of these, but is in general concerned with changes that might be made within the existing framework and the decisions required for implementation.
- 15 The report is thus concerned more with means than with ends; it is intended as a practical guide to the issues that need to be faced, and the decisions that need to be taken, if any version of regional devolution in England is to happen. However, the underlying decisions about devolution affect businesses, voluntary organisations, providers of public services and, in the end, citizens - they are political, not technical.

Chapter 2

Historical Background and Current Policies

*"... to activate decentralisation in England entails overcoming
a history and a culture which have - as much as politics
and social policy - marginalised it."*

Christopher Harvie, *English Regionalism: The Dog That Never Barked*, 1991

Introduction

- 16 England is unusual amongst major Western democracies in not having a system of democratic regional government. Although regional structures exist, they follow a variety of regional boundaries and beyond vague terminology such as 'the West Country', 'the Home Counties' or the 'North East', regional distinctions in England are to varying extents artificial. This chapter reviews debates this century about regionalism in England which form the background to current proposals for regional government.²

Previous English Discussions

- 17 The modern debate about the need for, and role of, regional government in England first emerged at the beginning of the twentieth century in response to practical problems, primarily the growing demands being placed on local government, such as managing water and electricity supply, coupled with concern about overload on central government. The first regional structures were established during the First World War, when regional offices of Government departments were set up to control food supply and distribute labour. These offices were retained in the post-war years to meet housing and social welfare needs. Aside from these pragmatic developments, there was also a political dimension to the regionalism debate driven by demands for Home Rule in Ireland. In response to parliamentary demands for 'Home Rule all Round', a Speaker's Conference on devolution (1919-1920), produced two schemes for devolution, but both treated England as a single unit for devolved government rather than proposing regions within England.
- 18 The regional debate in the 1920s and 1930s focused on the need for changes to local government, creating regional authorities at a city-region or at an adjusted county level. Debates about economic development of depressed areas also looked to regionalism as a possible solution and, in 1935, Commissioners for Special Areas were appointed by the Government to tackle economic problems; regional government was not, however, proposed.
- 19 During the Second World War, Commissioners for Civil Defence were created and covered ten 'provincial' areas tasked with co-ordinating civil defence work. Government departments set up regional offices which assisted the Commissioners and in the event of a breakdown in central communications, would have taken over government for their respective regions. However, these arrangements were mainly dismantled at the end of the War, although regional structures for civil defence and other emergencies have remained in place. In the post-war period, policy makers looked to regionalism as a possible means of co-ordinating reconstruction work. This option was never pursued seriously as the Civil Defence Commissioners had been extremely unpopular with local government, and local authorities therefore opposed strongly the idea of regional government based on the ten regions that had been covered by the Commissioners. Instead, debate about regionalism concentrated on reforming local government and the possibility of city regions.
- 20 In 1946, for the purposes of central government administration and uniformity, the Treasury established nine 'standard regions'.³ In addition, the newly nationalised industries set up their own regional arrangements. *Ad hoc* decentralisation of central government functions

continued, with significant differences in approach between Government departments and no overall regional strategy. Departments were expected to operate where possible within the framework of the standard regions, but functional pressures meant that other boundaries were also adopted in many cases and there was differing regional organisation even within the same department. As the Royal Commission on the Constitution noted, when the Department of the Environment was set up in 1971 to bring together three separate departments (Transport, Housing and Local Government and Public Building and Works): "it found itself with no fewer than thirteen separate regional organisations".⁴

- 21 In the post-war period there were also attempts at co-ordination between local authorities, particularly in the field of education and housing, and standing conferences of local planning authorities were first established.
- 22 By the 1960s a renewed belief in planning - in both political and academic circles - had put regional government in England back on the agenda. Seen primarily as a function of central government, various *ad hoc* arrangements were made to address economic problems in some regions: for example, Lord Hailsham was given special responsibility for the North of England and in 1963 the Government produced a regional development plan for the North East.
- 23 The Labour Government which came to power in 1964 put in place a framework for economic development throughout the country and established eight Regional Economic Planning Councils (REPCs - abolished by the Conservatives in 1979). These bodies covered the 'standard regions' set up by the Treasury in 1946, with the exception of the South East, where three regions were reduced to two. The REPCs brought together a wide range of people with regional interests, drawn from local government, industry, commerce and the trade unions, and were serviced by central government civil servants. They had no executive powers, but some of them (notably the South East REPC) produced influential analysis and survey work. As bodies wholly appointed by Ministers, they represented a 'top-down' approach to regional planning and control. As such, they do not provide a useful model for a democratic tier of regional government. The benefit they derived from harnessing skills of unelected experts is however echoed in later examples of partnership working on economic matters and in current proposals for the co-option of industrial, trade union and voluntary representatives to elected regional bodies.
- 24 The 1964-70 Labour Government set up two Royal Commissions to consider sub-national tiers of government. The first, the Redcliffe-Maud Royal Commission on Local Government, worked from 1966 to 1969. It recommended a new pattern of unitary local authorities with eight provincial councils, operating at the level of the Economic Planning Regions, to act in a co-ordinating role. (A Memorandum of Dissent suggested 12-15 regions.) The provincial councils were to be indirectly elected from local government and to have few powers. The recommendations of the Commission were not followed in the subsequent reorganisation of local government in 1972, the Conservative Government instead choosing to create a two tier system of county and district councils. The only recognition of a regional dimension was the creation of the metropolitan counties (abolished in 1985).
- 25 Towards the end of the 1960s, the revival of Scottish and Welsh nationalism prompted the Government to set up the Royal Commission on the Constitution⁵ which reported in 1973. The theme throughout the Royal Commission's report was that regional government was about

devolving power from central government rather than taking power away from local government. The Commission split three ways in its conclusions on England. Eight Members favoured regional co-ordinating and advisory councils, partly indirectly elected and partly nominated; one favoured co-ordinating committees of local authorities. In addition, two members (Professor Alan Peacock and Mr, later Lord, Crowther Hunt) issued a Memorandum of Dissent which put forward a detailed scheme for a regional tier of government in England, matching identical plans for Scotland and Wales. The English regional bodies proposed were to have similar executive powers to those exercised by the Scottish and Welsh Offices, have responsibility for strategic planning and absorb the activities of non-departmental public bodies operating in their region. It was envisaged that elected regional assemblies with their own independent source of taxation would exercise these powers.

- 26 In the mid-1970s, the Labour Government brought forward proposals for regional government in England following on from plans for Scottish and Welsh devolution. However, the English regions were dealt with much more tentatively than had been the case with Scotland and Wales. The Labour Party produced an initial consultation paper in 1975, *Devolution and Regional Government in England*⁶, which discussed the case for and against regional government, the possible powers and functions of regional authorities and the possible schemes which could be adopted. The Government went on to publish a Green Paper, *Devolution: the English Dimension*, in 1976 (shortly after the Scotland and Wales Bill was introduced in the House of Commons) which considered the implications for England of devolution to Scotland and Wales and provided a summary of the options for devolution in England - essentially those put forward by the report of the Royal Commission. However, no serious attempt was made to develop, or implement, any of the options. In part, this was because the issue of regional government really made an impact only in the North of England, where the prospect of the Scottish economy benefiting from devolution, and the run-down of regional policy generally, raised the profile of the devolution debate. Opinion amongst Northern MPs and their supporters was mixed as to whether Scottish devolution should be opposed or whether proposals for a stronger regional body for the North of England should be pursued.
- 27 In 1977, the National Executive Committee of the Labour Party issued *Regional Authorities and Local Government Reform* which put forward two models for regional government in England. In the discussion within the Party which followed, there was general support for some form of elected regional authorities, but a lack of consensus on the exact functions of such authorities and opposition from local government and the trade unions. In the end proposals were put forward for regional authorities in two areas, the North, and Yorkshire and Humberside, with the view that these could act as a catalyst for action elsewhere. This proposal was rejected by the NEC.⁷
- 28 Within Government, discussion of regional government for England effectively lapsed with the election of a Conservative Government in 1979. The Conservative Government has, however, recently revived the regional policy debate, including in its 1992 general election manifesto proposals for integrated regional offices, established in 1994 (see Chapter 5).

Current Policies of the Political Parties

Conservative Party

- 29 Although supportive of devolution to Scotland during the late 1960s and early 1970s, the Conservative Party has never embraced regional government in England. During the 1960s and 1970s, the Party supported regional plans and regional development, but did not consider that there was a case for democratic representation at a regional level:⁸ what needed to be done regionally, could be done through local and central government.
- 30 Once in power in 1979 the Conservative Government abolished the advisory Regional Economic Planning Councils (except in Scotland) and in 1985 the Metropolitan Counties and the GLC. The most significant move towards greater regionalisation occurred in 1994, following a 1992 manifesto commitment, when ten Government Offices for the Regions were set up to integrate the existing regional activities of the Department of the Environment, Department of Trade and Industry, Department of Transport and Department of Employment (now the Department for Education and Employment).⁹ Recent statements by David Curry, Minister for Local Government, Housing and Urban Regeneration, have been supportive of closer relations between local authorities in the regions and the Government Offices, and the involvement of the business community in a broader partnership approach to regional economic development. David Curry has also recently been given special responsibility for co-ordinating issues affecting the South West, described by John Major as a region with: "distinct identities and needs".¹⁰ This recent acknowledgment of the need for regional policies builds on existing structures and does not extend to creating new representative regional bodies.

Labour Party

- 31 As shown above, the Labour Party has a long-standing involvement in proposals for regional government. Recent Labour Party interest in regionalism emerged prior to the 1992 general election when a Policy Review Group produced a report *A Modern Democracy*; Party activists in the North put forward proposals for regional government and the Fabian Society published a report on *Regional Power and Local Government in Europe*. Labour campaigned in the 1992 election for a regional tier based on the policy set out in *Devolution and Democracy* (1991). As part of the wider review of Party policy since the last election, proposals for regional government have been revised and updated and a consultation paper *A Choice for England* was brought out mid-1995. A revision of this paper following consultation is due out summer 1996.
- 32 *A Choice for England* puts forward a case for regional government based on the premise that: "over-centralised government is not only undemocratic but inefficient too". The paper argues:
- power should be dispersed as widely as possible.
 - the English regions currently have administration without representation.
 - better regional co-ordination of economic development policy is necessary to help tackle regional imbalances.
 - European economic development funding has been put at risk because of reluctance to develop a regional tier.

The paper proposes a two stage approach to developing a regional tier, first establishing indirectly elected Regional Chambers of local authority representatives in the regions, which could move on, where there is demand, to directly elected Regional Assemblies. In addition the

Chambers and Assemblies would make special arrangements for involving the business, community and trade union representation.

Stage 1

- 33 Regional Chambers would be established in every region, using current Government Office boundaries. The Chambers would be funded by local authorities and have no tax-raising powers or legislative powers of their own. Their creation would involve no increase in public spending. The functions of the intended Chambers fall into two categories: strategic co-ordination and democratic oversight. The Chambers would provide strategic co-ordination of:

- European funding bids.
- economic development.
- transport - (including passenger transport authorities for their area).
- strategic land use planning.

The Chambers would provide democratic oversight of:

- quangos.
- Government Offices for the Regions.
- Next Steps agencies.
- privatised utilities.

Stage 2

- 34 This next stage would allow for the establishment of directly elected Assemblies in regions where public demand is evident. The move to Assembly status would be required to be initiated by a resolution of the Chamber and would be subject to three further conditions:

- a predominantly unitary structure in local government.
- approval by Parliament.
- approval by a region-wide referendum.

Like the Chambers, the Assemblies would have no tax raising powers or legislative powers and it is intended that their running costs would be met from within the existing budgets (currently allocated to bodies carrying out the functions the Assemblies would absorb).

Related Proposals

- 35 The Labour Party is developing separate proposals for an elected strategic authority for London. The Party has also appointed a Regional Policy Commission in July 1995, which is widely expected to propose the establishment of a Regional Development Agency for each region. Full details are not available at the time of writing of their status, lines of accountability, size and source of their funding, nor of how they would relate to existing organizations, including the Government Offices, local authorities and their regional organisations and English Partnerships. But the functions implied for such agencies are clearly central to the role proposed for Regional Chambers and Assemblies.

Liberal Democrats

- 36 Decentralisation and subsidiarity are central themes of Liberal Democrat policy. A commitment to decentralisation is contained in the preamble to the party's constitution: "we aim to disperse power, to foster diversity and to nurture creativity...we stand for devolution of power to the nations and regions of the country within a federal framework".

- 37 The rationale behind Liberal Democrat policy is to enable power to be exercised at the lowest possible level, that is as close as possible to the people whom it affects. Through regional assemblies their aim is to enhance local economies through localised response to local need, the extension of democratic participation and the creation of a fairer system for the distribution of political and economic power. *Here We Stand*, the policy paper on constitutional reform issued in 1993, refers specifically to models of decentralisation in the rest of Europe and their relevance for the UK.¹¹
- 38 The Liberal Democrats propose between nine and twelve elected regional assemblies in England.¹² Their stated aim is not to create a new sub-national tier of government, but rather to replace that which already exists - appointed bodies such as quangos and the central government agencies in the regions - with bodies which are democratically accountable. Their proposed Scottish Parliament, Welsh *Senedd* and English Assemblies would have different powers and functions; but would all have their foundations in eight guiding principles:
- Regional Assemblies and national Parliaments to be elected by the single transferable vote.
 - specific functions to be handed down to Assemblies and Parliaments by the UK Parliament (some concurrent powers).
 - the new bodies to be given all the necessary powers to fulfill their obligations, subject to the UK's international legal obligations, such as the European Convention on Human Rights.
 - no interference by the UK Parliament in the exercise of functions which are the sole responsibility of the Assemblies and Parliaments.
 - the structure of government to be subject to the 'subsidiarity' principle which states that power should be exercised at the closest possible level to the people it serves.
 - no diminution of local government: power to be brought down from Westminster rather than up from local government.
 - any dispute between government bodies to be settled by a new Supreme Court.
 - basic levels of service provision by Regional Assemblies and national Parliaments to be defined by the UK Parliament.
- 39 Boundaries for the new English regions would be determined by a Parliamentary Commission. The new regions would be based on a variety of structures such as existing counties, health and education authorities, and other administrative services.
- 40 The new Regional Assemblies would assume responsibility in a number of subjects currently covered by central government or quangos. A central element of this is regional economic development, utilising funds made available from London and Brussels for this service. Delivery of local services is also planned, with emphasis on a new system being more suited to local needs in areas such as housing, transport, education and health.
- 41 In earlier policy documents, such as *Shaping Tomorrow's Democracy* (1991), the Liberal Democrats have envisaged the establishment of English regions taking six years (with the exception of London, which would proceed more quickly). This would be preceded by a Parliamentary Commission which would, in response to local opinion, produce boundary proposals. The work of the Parliamentary Commission would be completed within the first Parliament. The establishment of Assemblies would then proceed at a speed responsive to local demand. More recently the Liberal Democrats have put forward proposals for a modern 'Great Reform Bill' bringing together their constitutional reform programme in one package. This seems to envisage a more rapid timetable for change. However, on regional government the

proposed Bill would: "introduce a framework for the decentralisation of power within England" which leaves the possibility open for implementation over the original six year period, even if it were intended to pass the legislation enabling change before then.¹³

Conclusion

- 42 Despite the recurrence of proposals for regional structures in England, little change of substance has been made. The current policies of the main political parties reflect the different strands of argument which have run through the regional debate this century. There are three main elements:
- administering central government functions more efficiently and effectively in the regions.
 - coordinating local authority functions at a regional level and building partnerships with other regional actors.
 - providing regional democratic accountability for policy decisions and administration of government functions in the regions (including the possible transfer of functions currently performed by central government and quangos to regional assemblies).
- 43 The Labour Party proposals concentrate on the second and third points, but incorporate all three elements in some form. The emphasis in the Liberal Democrat's proposals is primarily on the third element above. The Conservatives remain sceptical about the need for a democratic regional tier of government: their emphasis is on improving the administration of central government functions in the regions and fostering partnership relationships between existing bodies with regional interests.

Chapter 3

The Case for Regional Government in England

*"Efficiency has always been emblazoned on the black flag
of the centralists."*

Andrew Marr, *Ruling Britannia*, 1995

Introduction

- 44 Regional government means different things to different people. At one extreme regional government is seen as an independent and constitutionally entrenched regional tier with significant executive (and even legislative) powers: the proposals from the Scottish Constitutional Convention for a Scottish Parliament are towards this end of the spectrum, though even these stop short of a fully federal system of UK government. At the other, an advisory body would bring together regional decision makers to facilitate the co-ordination of regional activities. Different understandings of what regional government should and can do, produce very different models for a proposed regional tier of government.
- 45 A workable and durable regional tier requires a clear analysis of the reasons why it is to be established and the role and functions it is to perform. This chapter aims to separate out the different strands of the regional government debate.

The Strength of the Case for Change

- 46 At the root of arguments advanced for devolution is a widely held perception that the last two decades have seen a persistent increase in the centralising tendency of the state. It is not just the opposition parties that assert this: so far as local government - the main alternative base to Parliament as a democratically controlled force - is concerned, the Commission for Local Democracy in their report of May 1995¹⁴ set the story out clearly:
- "Since the IMF crisis of 1976 a fundamental change has taken place in the power balance between local government and the centre in Britain. This took the form of a steady restriction on the freedom to spend money, whether raised locally or contributed by the central Exchequer. There have been fourteen Acts of Parliament altering the financial basis of local government since 1976. The effort has extended far beyond the raising of money. It has permeated every aspect of centre-local relations."*
- 47 The Audit Commission's evidence to the House of Lords Select Committee¹⁵ puts the point equally clearly:
- "In recent years the balance has been shifting towards national control of services as well as of expenditure. This is illustrated by the increase in the number of national and local quangos, many of which now provide services formerly provided by local government (Funding Agency for Schools and Grant Maintained Schools; Further Education Funding Council and FE Colleges; Housing Corporation and Housing Associations)."*
- 48 The process has not been confined to local government: independent sources of discretion and decision making have been reduced in other fields too. For example, the role of local democratically appointed representatives in the health service, and local influence over the police, has been much reduced. There are certainly exceptions to the trend: as the Audit Commission point out, the introduction of community care has shifted some responsibility from the National Health Service to local authorities. Even here, however, there is a well-supported view that transfer of responsibility without adequate resources is hollow.

- 49 Beyond doubt, the overall effect is an increase of ultimate control in the hands of central government. Developments in the powers and practices of Parliament (for example by departmental select committees) have not kept pace with the increased burden of keeping an effective democratic check on the vastly increased number and range of decisions now made by the executive in its various guises, so long as it has an effective majority in the House of Commons. The strength of this trend is all the more significant because for historical reasons, the United Kingdom now has the most centralised government system in Western Europe (see Chapter 7).
- 50 From this concern about highly, and increasingly, centralised government in the UK, two main categories of argument about regional government emerge. First, arguments which draw on democratic principles and theories of the state, based on the premise that decentralised government is a good thing *per se*. Second, functional arguments about the efficiency and effectiveness of government. The two groups of argument are inter-related: the desirability of efficient and effective government may sometimes strengthen and sometimes be in conflict with the need for democratic input and accountability. And the case for establishing democratic structures at regional level relies on the identification of functions which need to be carried out at that level. Both sets of arguments are considered in detail in paragraphs 52-75 below.
- 51 For the United Kingdom, there is the further practical and political fact that the arguments about regional government in England are profoundly affected by developments in Scotland and Wales. This is likely to become more acute when firm proposals are at hand.

Democratic Arguments

- 52 There are three main strands to the democratic argument:
- regional identity.
 - political representation.
 - democratic accountability.

Regional Identity

- 53 Historically, regional government has been a response to demands for greater autonomy from regions with a distinctive national, cultural, ethnic or religious identity and which feel their regional differences are submerged within a larger state. A clear sense of regional identity provides a focus for dissatisfaction with government from the centre which is felt to be distant, unresponsive and unrepresentative. Regional sentiment may be strong enough to result in terrorist activities, such as ETA's activities in Spain and the IRA's in Northern Ireland; present a threat, real or perceived, of secession, as in Belgium and Italy; or pose an electoral threat to national parties if they fail to offer an attractive alternative to the status quo, as the Northern League has shown in Italy.
- 54 In the UK, it is in Scotland, Wales and Northern Ireland where there have been the most marked efforts to assert traditional and cultural separateness: this reflects national not just regional sentiment. In England, the evidence about regional identity is mixed: polls have found a strong sense of regional identity in some regions, but this does not necessarily translate into public

support for greater powers for the regions.¹⁶ Regional identity may in any case be difficult to translate into practical proposals: the Local Government Commission has struggled with its own remit to take into account the need: "to reflect the identities and interests of local communities."¹⁷

- 55 There is certainly little public demand for regional structures - some polls have shown scores as high as 40-60% against increasing the powers of the regions¹⁸, but these findings are difficult to interpret - especially without greater definition of exactly what is meant by regional government, and a wider public understanding of it. Lack of public demand may not be the knock-down argument which some opponents of regional government suppose. Albeit in very different circumstances from England in 1996, a number of the German Länder were artificial constructs when first created after the war and were highly unpopular in the early 1950s.¹⁹ However, their subsequent history shows that regional institutions can create their own regional loyalty and sense of identity.
- 56 There is in any case demand for regional structures from politicians from both central and local government - who are in a good position to gauge the potential for popular support. Politicians in the North seem convinced about support for regionalism there and the North is also the region most likely to look to its Scottish neighbours where a Scottish Parliament with devolved powers may seem an attractive model. Other English regions may be attracted by the example of a Scottish Parliament's greater autonomy; and of its ability to ensure that the Scottish case is heard more loudly in Whitehall and Westminster. The West Midlands may respond to a Welsh Assembly in a similar way - although the evidence is weaker - and there is a strong sense of identity in the South West too - although this is a large and varied region, with strength of feeling much greater in Cornwall than elsewhere. In terms of relations with Europe, many local authorities and others in the English regions already perceive themselves at a disadvantage by comparison with Scotland and Wales. All such sentiments would be reinforced once the transfer of resources to Scotland and Wales becomes more transparent as part of a devolution settlement (even if in the long term the share of UK resources received by Scotland and Wales may decrease - see further the Constitution Unit's report *Scotland's Parliament*).

Political Representation

- 57 Another strand to the democratic argument is the political disenfranchisement felt in some regions under the UK's current centralised system of government, which does not provide political representation, except through local government, for those parts of England where the national governing party commands little or no support. Voting patterns show marked and persistent differences between the political values and allegiances of certain regions and those of the party with a parliamentary majority - in 1992 achieved with 42% of the national vote. Especially with the progressive reductions of the authority of local government, regional values become submerged in national ones.
- 58 This inability to reflect regional variation is a consequence of the UK's 'first past the post' electoral system, tight party discipline and the geographical distribution of the political parties' votes. It has been particularly evident in the last 17 years where areas such as the North East, which have consistently voted against the Conservatives, have effectively lost their say in Government. There would be a similar sense of political disenfranchisement for Conservative voters in the South if the Labour Party were in power. One of the consequences of this is that:

"Both parties become dangerously out of touch with sentiment outside their regional bases, further disabling the quality of national debate".²⁰ However, regional government is not the only way of ensuring that regional interests are not submerged by national majorities. Other possibilities include:

- stronger representation for the regions within central government. The most developed version of this would be equivalents to the Scottish and Welsh Offices for the English regions. Other options - not exclusive - would be progressive strengthening of the Government Offices for the Regions, a Cabinet Minister for the regions, a Cabinet committee responsible for regional issues, and the strengthening of existing ministerial responsibilities for regions.
- a greater regional role for MPs in the House of Commons. This could be in the form of an 'English Grand Committee' (or a series of 'Regional Grand Committees') on the model of the Scottish and Welsh Grand Committees, or could be in the form of a select committee concerned with regional policy and the impact of national policies on the regions.
- electoral reform. The extent to which a change in electoral system would allow regional groupings a stronger voice in Westminster would depend on the system chosen. A proportional system would however be less likely to produce results where the vast majority of MPs in a region came from a single party, or a national government elected on a minority of votes.
- regional representation in a reformed second chamber of the UK Parliament. This could be achieved through direct election, indirect election or nomination on a regional basis. Choice between these options would depend on what function regional representation in the second chamber was intended to serve. Only then would it be possible to determine who should represent the regions in the second chamber and what their relationship should be with regional government. (It is important for the development of an effective second chamber that any regional representation is based on a clear understanding of what its function would be - rather than being adopted as a consequence of searching for a role for a reformed House of Lords - see further the Constitution Unit's report *Reform of the House of Lords*).
- strengthening local government. If the aim is to bring decision making down to the lowest possible level of government, strengthening local government would be a direct means of achieving this without the need to create new institutions.

59 Any of these changes could complement and strengthen a regional tier of government, but they are not necessarily a substitute for it. Strengthening local government may be desirable in its own right, but there are strategic functions which need to be performed at a regional, rather than local, level. In respect of the other options, there is still something lacking in a system where the lines of accountability are all centred on London. Direct accountability in the regions could be provided only by giving regions their own democratic voice and a set of powers and functions which allowed them to implement specifically regional priorities. Regional government could also provide a forum in which the regions could develop and express their own political voice and influence.

Democratic Accountability

- 60 A further strand of the democratic argument for regional government is that there is a *de facto* regional tier of government, but it is bureaucratic, not democratically accountable and is poorly coordinated. It consists of the growing number of quangos and Next Steps executive agencies operating at regional level, and the new Government Offices for the Regions. The argument is that a democratic system of regional government could help to deliver accountability, democracy and integration of this *ad hoc* and unelected regional tier.
- 61 Determining which of the current complex array of bodies and their functions should be transferred to a regional tier goes to the heart of the question of what regional government should do (and the extent to which power is to be devolved from the centre). 'Democratising' the existing regional tier would not be as simple as bringing all existing central government functions exercised in the regions under the control of a democratic regional tier. Simply transferring existing regional functions to a democratic regional body might be tidy, but alternative means of securing accountability to a regional body may be more appropriate. Clarity and transparency will be an important aspect of any such accountability relationship, as will its appropriateness for the function concerned. This issue is discussed further in Chapters 6 and 9. In the meantime it is necessary to note that much of the discussion of these bodies operating in the regions fails to make necessary distinctions between them.

Revitalising Democracy

- 62 A strong regional tier could have the less tangible effect of reinvigorating the democratic process as a whole. By bringing institutions closer to the people it would make them more accessible, and could improve the responsiveness and quality of government and so foster a sense of ownership which would encourage participation. Coupled with improved accountability this could counter the perception of falling standards of integrity and responsibility in public life.
- 63 It is not certain that regional government would achieve these aims. Local government is already 'closer to the people' than a proposed regional tier would be, yet attracts lower levels of participation than in any other EU country. The alternative, mentioned above, of returning powers to local government with the greater interest and participation that that could bring, could in itself generate demand for a stronger regional voice; whilst creating an unwanted regional tier could actually add to disillusionment with politicians and government.

Functional Arguments

- 64 Support for regional government stems not only from dissatisfaction with the democratic and political consequences of a centralised state, but also from frustration at its practical failings. There are three main strands to the functional argument:
- strategic planning and co-ordination.
 - economic development.
 - Europe.

Strategic Planning and Co-ordination

- 65 From a functional perspective, there is a level of strategic planning and co-ordination that needs to be tackled at a level between central government and local government. This is supported by, for example, the Association of British Chambers of Commerce which argues that a mechanism is needed: "where views about common issues and common problems at a local level can be addressed at a strategic level across a Region in order that co-ordinated economic development policies can be adopted".²¹ Similarly, the Council for the Protection of Rural England (CPRE) identifies environmental concerns as central to strategic planning: "following the Earth Summit in Rio in 1992, a new set of environmental imperatives are now emerging which need to be pursued at the regional level".²² The recent creation of Government Offices for the Regions, which integrate the main government departments concerned with economic and environmental activity, are a clear recognition by central government of the regional dimension to public policy in these areas.
- 66 Strategic planning at a sub-national level is needed because solutions which fit local problems are best designed if the knowledge of local actors is harnessed: a nationally controlled approach will fail to incorporate this local dimension. Ministers have insufficient time to combine the grasp of relevant detail at regional level with the needs of long-term strategic planning and co-ordination. As the creation of integrated Government Offices has partly acknowledged, the highly centralised Whitehall machine is unsuited to responding to detailed variation at a sub-national level. The need for a regional dimension is also acknowledged in the existence of administrative bodies and quangos which operate at a sub-national level. These bodies have grown up *ad hoc* and many have similar or related objectives. There is no strategy to ensure that they are not duplicating or undermining one another's efforts, nor is there a capacity for strategic planning and co-ordination. While, potentially, the Government Offices could do this, they are not charged with the coordinating function. In addition, different government departments, quangos and the privatized utilities have over the years chosen to work within different boundaries. As Professor Brian Hogwood has described it, there is a: "complete absence of a coherent definition of their boundaries, their size or even of the concept of a region".²³
- 67 The new Government Offices for the Regions can only be a partial solution to the lack of co-ordination and accountability at a regional level: they do not cover all relevant departments, they do not include quangos or Next Step executive agencies, and their lines of accountability are back to Whitehall (see Chapter 5). In addition, as Stephen Tindale argues: "Planning is about setting priorities and weighing competing claims. It is a quintessentially political activity, and should be carried out by a body with the strongest possible democratic credentials".²⁴
- 68 English local authorities are already providing a partial solution to this democratic deficit, coming together to co-ordinate their activities at regional level in regional planning forums or regional associations. These bodies deal with issues such as land-use planning, transport and economic development.²⁵ They clearly represent a basis on which a regional tier could be developed, but the authorities themselves believe that more is needed than their current regional groupings can provide (see Chapter 4). They can also do nothing, by themselves, to coordinate the activities at present carried out in the regions by central government and its agencies. Nor are even the larger local authorities individually large enough to handle land-use and transportation issues which affect sub-regions or even whole regions, as they commonly do.

Economic Development

- 69 There has long been a strong regional element of industrial and economic policy in the UK, traditionally reflected in regional development grants and other incentives, to attract inward investment to economically backward regions. Scotland and Wales have Scottish Enterprise and the Welsh Development Agency; much more recently English Partnerships has been established with some of the same functions in England. Regional development bodies on their own will not be sufficient to redress economic imbalances within the UK - particularly the domination of the South East - which requires a national strategy, but they are an element of the solution. However, as the TUC has noted, in comparison to Scotland and Wales: "regional development partnerships and institutions remain underdeveloped in England, and central government remains reluctant to accept that local authorities should have a key role in local economic development".²⁶ Other supporters of a clearer regional focus for economic development include the Association of British Chambers of Commerce, which supports a regional forum: "tasked with an advisory and co-ordinating remit to economic regeneration"²⁷, and the CBI South Eastern and Southern Regions, which recently recommended the establishment of a: "regional economic development association"²⁸ to develop and implement a regional strategy.
- 70 This argues for regional development bodies which go beyond the current role of English Partnerships and improve the general commercial environment within which inward investors are going to operate. Such an approach would include attention to skills training, availability of technical expertise and advice, supply networks and the harnessing of innovative potential in academic and commercial institutions. There are development agencies set up as local public-private partnerships in most English regions (and at a local level), operating as limited companies, but they vary considerably in levels of activity and funding and even the activities of the largest, the Northern Development Company - which has a budget of £6m - are dwarfed by Scottish Enterprise's activities and its budget of £380m.²⁹ The form a regional development agency could take is examined further in Chapter 9.
- 71 The case for a regional development body to provide enhanced regional economic co-ordination (and performance) is not intrinsically linked with the case for democratic regional government. Other European countries with good economic performance and strong regional structures are used as examples to support the belief that there is a connection between the two. However, a recent report by the European Institute for Urban Affairs notes that: "many factors other than those attributable to regional government affect regional economic performance. The relative importance of long-standing cultural factors, themselves a reflection of highly specific economic histories, make some commentators pessimistic about the possibility of any form of inter-regional learning taking place..."³⁰
- 72 The case that democratic regional bodies enhance economic co-ordination and performance may be unproven, but there is a much stronger case that bodies which make decisions about development which affect the allocation of resources, the local environment and employment prospects should be democratically accountable (see Chapter 9).

Europe

- 73 The final functional argument relates to Europe. Of the larger western European countries, Britain is the only one which remains a classic unitary state. Germany is a federation, and

France, Italy and Spain have all developed regional structures in the last 20 to 30 years, described in more detail in Chapter 7. The development of democratic regional structures elsewhere in Europe - with France, notorious for its centralised system establishing elected regions in the 1980s - and the European Union's regional policy, throw Britain's absence of a regional tier into sharp relief.

- 74 In relation to the EU, the main concern is that our centralised structure disadvantages us - in terms of the take from regional funds and our influence on regional policy. The first of these points is disputed (see Chapter 7), and is in any event likely to be of decreasing importance as the UK's share of regional funds diminishes. The second point, about influence, is born out of the pressure which other Member States with regional structures, notably Germany, are placing on the Union to recognise the regional interest. Proposals being put to the 1996 IGC could win greater influence for the Committee of the Regions, at present an advisory body (though on balance this seems unlikely). Even accepting that the Committee of the Regions' influence is likely to remain slight - and some commentators dispute this - it is an influence to which English regions cannot aspire as long as they are 'represented' in Europe only by local councillors.
- 75 Perhaps more significant is the effect the EU's regional policy has had on local-central government relation within the UK. The Commission has developed an active regional policy,³¹ and in doing so is increasingly appealing directly to the regions themselves. Local authorities and others have had their sights raised by contact and collaboration with regions in Europe. This has resulted in some tension with central government in gaining the necessary support for regional bids - especially where matching central funding is a condition. The creation of a regional tier would place the regions in a stronger position *vis à vis* central government to insist on their co-operation in pursuing regional initiatives and make it easier to deal with the Commission's regional policies as they develop.

Conclusion

- 76 There is strength in both the democratic and in the functional arguments for regional government though neither is conclusive on its own. Chapter 8 resumes this discussion by referring to the cumulative weight of these arguments and, in the light of that, considering the options for new regional bodies, either directly or indirectly elected. Before that, the next four chapters examine some of the issues raised in this chapter in more detail: looking in turn at: local government regional co-ordination - Chapter 4; Government Offices for the Regions - Chapter 5; quangos - Chapter 6; and regionalism in Europe - Chapter 7.

Chapter 4

Local Government and Regional Co-ordination

"Local institutions are to liberty what primary schools are to science; they put it within the people's reach...without local institutions a nation may give itself free government, but it has not got the spirit of liberty."

Alexis de Tocqueville, quoted in Andrew Marr, *Ruling Britannia*, 1995

Introduction

- 77 The regional government debate has moved on considerably in the last 12 months, largely driven forward by local government organisations - encouraged by political attention to regional government at a national level. Forms of regional government cannot be considered in abstraction from local government.

Developments in Local Government

- 78 The creation of two tier local government in 1972 limited enthusiasm for further reform of sub-national government and invited the criticism that regional authorities would be one more, redundant, tier of government. Since the 1972 reforms, there have been two significant changes to local government structures in England: the abolition of the metropolitan counties and the GLC in 1985, and the creation of unitary authorities in some areas as a result of the Local Government Commission review (the final changes are still being finalised).

The Local Government Commission

- 79 It is easier to envisage how a regional tier could work with local government where there are unitary authorities. Several of the functions carried out by county councils are argued to be strategic functions of the kind for which regional authorities should take responsibility. In addition, proposals for regional government continue to be criticised as introducing 'yet more government'.
- 80 The Local Government Review in England was originally expected to produce fairly uniform proposals for unitary authorities (as happened in Scotland and Wales). However, the Review has produced fewer unitary authorities than initially expected. The result is a patchwork of two tier local government alongside existing and new unitary authorities. The review process has left those counties which remain feeling relatively secure and districts which failed to gain unitary status frustrated (but on the whole resigned). Proposals for a unitary tier to be a pre-requisite for regional government (as in Labour's consultation document, *A Choice for England*) re-open Local Government Review wounds.
- 81 The argument that regional government would produce 'too many tiers' has not entirely disappeared and it is worth noting that on a population basis, nearly 50% of England will remain under two tier local government after the current round of the Local Government Review has been implemented. Equally however, following the Local Government Review, there is no evidence of enthusiasm for further local government reorganisation.

The Local Government Association

- 82 The prospect that the Local Government Commission would produce uniform proposals for unitary authorities in England (in line with changes in Scotland and Wales), prompted the three existing local authority associations to come together and form a single association - the Local Government Association (LGA). This is currently working in shadow form and will take over from the existing associations in April 1997.

- 83 One of the consequences of the creation of a single association is that it has a membership which is too large to operate effectively on the basis of representation for each member authority. As a result an electoral college system is being developed in order to ensure a spread of representation across the country. This is being done at a regional level and prompting local authorities to think about organising at a regional level - in order to influence the new LGA electoral college structure.
- 84 Two of the local government associations, the Association of Metropolitan Authorities and the Association of District Councils, have been powerful lobbyists in support of regional government, at least in the form of stronger regional groupings of local authorities. The LGA will no doubt formulate its own policy on regional government, but representing different kinds of local authority may make it harder for the LGA to take a strong line on regional government.

Local Government Co-operation and Co-ordination

- 85 There is a wide variety of local government bodies, such as the English Regional Associations, planning forums and other groupings, which facilitate regional co-operation and co-ordination between local authorities. The status, activity level and relevance to regional government of these bodies varies considerably from region to region, but they illustrate both that local authorities can come together and co-ordinate their efforts in certain areas and that they perceive the need to do so.
- 86 The English Regional Associations (ERAs) cover each of the standard regions coinciding in most regions with the boundaries of the Government Offices. The exceptions to this are in the North West, where there is a Government Office for Merseyside, and in the South East, where the planning forum SERPLAN covers Bedfordshire, Hertfordshire and Essex which are part of the Government Office for the Eastern Region and London, which has its own Government Office. As voluntary groupings of local authorities with no statutory recognition or powers they rely on the constituent local authorities (and in some cases other regional bodies) agreeing to co-operate and co-ordinate their actions. The main activities of the ERAs include regional planning, the environment, transport, waste and economic development issues. An important element of this is advising central government on Regional Planning Guidance. The size, status and level of activity of the ERAs vary considerably between the regions and their current funding involves relatively small amounts of money and comes from local authority subscriptions and other forms of contribution, as illustrated in the table below.³²

Table 1 English Regional Associations

	Population by Region 1992	Budget 1994-95 £	Number of Staff	Meetings per annum	
				Members	Officers
East Midlands Regional Planning Forum	4 061 900	None set (host authority covers costs)	2 (seconded)	3	12
Standing Conference of East Anglian Local Authorities	2 088 600	117 120	2 (permanent) 1 (seconded)	3	6
West Midlands Regional Forum of Local Authorities	5 277 500	230 000	5 (permanent)	4	4
North West Regional Association	6 399 600	55 000	1 (permanent) 1 (temporary) 3 (seconded)	20 (Council & working groups)	24+
North of England Assembly	3 098 900	250 000	9 (permanent)	15 (inc. committees)	30 (inc. working groups)
South West Regional Planning Conference	4 746 300	56 000	1 (permanent)	4	6-8
Yorkshire and Humberside Regional Association*	5 002 300	129 000	4 (permanent) 1 (temporary)	4	12
Yorkshire and Humberside Regional Planning Conference*	(same area as YHRA)	None set (Humberside CC goodwill - some costs shared)	1 (seconded)	2	4-5
SERPLAN	17 703 200	626 599	15 (permanent)	3 (£t 3 members Policy Group meetings)	3 (£t 100+ officer level working groups)

Source: A Survey of the English Regional Associations, SERPLAN, 1995.

(Arrangements for these regions currently under review.

* The Yorkshire and Humberside Regional Association and the Yorkshire and Humberside Planning Conference are being wound up, with a Yorkshire and Humberside Regional Assembly taking over in June 1996.

- 87 The Labour Party proposals for Regional Chambers are for bodies similar to the most developed ERAs, most notably the North of England Assembly, and have served to bolster the status and ambitions of ERAs and a number are reviewing their remit. In Yorkshire and Humberside a new regional body is being developed bringing together the existing Regional Planning Conference and Regional Association, and one of the strongest associations, the North of England Assembly, has generated its own proposals for regional government.
- 88 The North of England Assembly argues for statutory recognition and separate funding. It sets out its proposals for regional government in a consultation paper in August 1995. (It has been circulated to regional partners, MPs and MEPs for comments and is due to be finalised in summer 1996.) Even the first phase of the three set out in the paper, would give a future

assembly powers and functions which go well beyond the co-ordination of existing local government responsibilities.³³ Other regional groupings may follow the NEA in pressing for greater recognition and powers, particularly as Scottish (and Welsh) devolution unfolds and a new strategic authority for London is established.

Conclusion

- 89 The current English Regional Associations provide a basis from which to develop Regional Chambers. They illustrate the level of interest in the regional project at a local government level, in particular through the reviews of their structures which have been undertaken over the last 18 months. The debate in local government about regional bodies has moved on considerably in last 12 months and with growing support for regionalisation beyond the North East. Equally however, there is little enthusiasm in local government for further structural reform.

Chapter 5

Government Offices for the Regions

"Sweeping measures to shift power from Whitehall to local communities and make the government more responsive to local priorities ..."

DoE Press Release announcing the new Government Offices for the Regions,
4 November 1993

Introduction

- 90 The present Government set up ten integrated Government Offices for the Regions (GOs) in April 1994. The task of the GOs is to co-ordinate and deliver central government functions in the regions. They represent the interests of the regions to central government only in the most limited way, and do not constitute a devolution of power to bodies directly accountable to the regions. However, under any arrangements for democratic regional bodies, there will continue to be a need for central government presence in the regions, though at very different levels according to the particular arrangement made in each region.

Origins and Role of the Government Offices for the Regions

- 91 The ten Government Offices have been in operation for only two years. They originate in a desire to strengthen the machinery for co-ordination of central government activity in the regions, as foreshadowed in the 1992 Conservative Party Manifesto, through the establishment of "new integrated offices of the appropriate Whitehall departments". The Environment Select Committee complained in 1993 of the "variety of urban and inner-city schemes with overlapping but not identical objectives and with varying timescales".³⁴
- 92 In November 1993, the Government announced that it had decided to bring these programmes together within a single budget. Twenty separate programmes worth £1.4 billion per annum were to be brought together into a new single budget for regeneration and economic development. From April 1994, the Government brought together the existing regional offices of the Department of the Environment, Department of Trade and Industry, Department of Transport and Department of Employment (Training, Education and Enterprise division), in a move which would enable them to administer the single budget and to integrate their other departmental policies and programmes. Other than administering the new Single Regeneration Budget, the new offices included no functions that were not already carried out by predecessor departmental regional offices. The implications of bringing together centrally the Department of Employment and Department for Education in the autumn of 1995 remain to be seen.
- 93 The common objectives set for all the Government Offices for the Regions are to:³⁵
- meet the operational requirements of departments and Ministers.
 - contribute local views and experience to the formation and communication of Government policy.
 - promote a coherent approach to competitiveness, sustainable economic development and regeneration in the region using public and private resources.
 - develop the skills of staff and methods of working to achieve these objectives.
 - develop partnerships in the region with and between all the local interests.
 - provide a single point of contact for business and local government and deliver high quality services on Citizens' Charter principles.
- 94 The Government Offices are regional arms of central government. They involve no transfer of responsibilities and no change in the line of accountability, which remains through Ministers to Parliament. They are essentially about improving the effectiveness of central government activity in the regions. Nevertheless they do represent a cultural shift: although they are not

meant to be a voice for the region, the second objective above acknowledges their role as a source of local intelligence. This was described in the Senior Management Review³⁶ carried out and published for consultation by the Central Unit in November 1995 as the 'eyes and ears' function - which may within limits turn into acting as a pressure group on behalf of the region. The Scottish and Welsh Offices have traditionally acted in this way; though with the extra weight that a political head brings to the task.

- 95 The Government Offices are responsible for a mix of regeneration and economic programmes. Initially supervised by a new Cabinet Committee on regeneration (EDR) chaired by the Lord Privy Seal, they are now overseen by the Cabinet Committee on competitiveness (EDC) chaired by the Deputy Prime Minister. There is a Government Offices Management Board consisting of four Deputy Secretaries of the parent Departments serviced by a Government Offices Central Unit and there are 17 'sponsor Ministers' for particular sub-regions and cities.
- 96 The balance of activity for the ten offices varies, mainly in recognition of different regional circumstances, but the range of activity can be illustrated by the chapter headings from the first annual report for the Government Office for the North East for 1994-95: "Competitiveness: TECs; Careers Services; Education and Training; Business Links; Exports; Technology. Regeneration: the Single Regeneration Budget; Europe; City Challenge; Housing; Task Forces; Enterprise Zones; Urban Development Corporations. Sustainable Development: Planning; Rural issues; Sustainable development; Transport".

Early Days of the Government Offices

- 97 Establishing the integrated Government Offices was not straightforward. In spite of the specific manifesto commitment, it took eighteen months from the date of the election to make the announcement; and fully effective integration may well not be complete within the present Parliament, in part because the aims were complex and political ownership diffuse. It is early days to assess the performance of the Government Offices. By their second year most had not even moved into common offices, so that the basic aim of integrating the activities of four departments was not proving easy. There have been teething troubles - some attributable to very different cultures between parent departments, made greater by the tendency to diverge further as the disciplines of a centrally managed Civil Service slacken. A number of the Government Offices have been severely criticised for not living up to expectations created by the terms of the announcements made when they were established; but they are generally criticised by partners and clients who want more authority exercised in the regions, not less. The consultation report on the Senior Management Review describes progress and the remaining tasks. Perhaps not surprisingly, the main achievements reported by the Regional Directors in their first year bear a close resemblance to the objectives set for them.

Benefits of Integration

- 98 Specific benefits are claimed for bringing the four departments together even at this early stage. The creation of a single Regional Director in each region has made central government presence in the regions more visible. In attracting inward investment, this has assisted in bringing key players together, agreeing procedures and speedy timetables for decision: major decisions such

as the new Siemens plant in the North East required not just a site but a whole package of infrastructure support, including training programmes, links with the local universities, to which GO-NE contributed. On the downside of economic change, similar packages are required for the closure of major industries: when Swan Hunter closed in 1994 all four departments represented in the Government Office contributed to a package which was negotiated in the region.

- 99 In planning new roads, the Government Offices have established (not without difficulty) that they are the clients of the Highways Agency, and are starting to develop a more integrated transport strategy: the Transport Green Paper of spring 1996 reports progress on this. The aim is for decisions in future to be based not simply on advice from highway engineers responding to measurements of traffic flow; but on understanding the needs of the business community, and greater sensitivity to environmental concerns. In land-use planning, they provide the machinery in the region for better integration at an early stage of the conflicting demands of industry, employment and the environment, and a better joint submission on major cases as the basis for ministerial decision and settlement of any conflict. On Europe, there is said to be more effective co-ordination of bids for the structural funds, and monitoring of the resulting programmes, however local authorities remain frustrated at the GOs scepticism about 'Europe of the Regions' and the very limited extent to which they are prepared to support local authorities in their pursuit of funding under new initiatives e.g. Interreg IIc.

- 100 GO management of the Single Regeneration Budget has attracted praise from some commentators. For example, a recent report of the Environment Select Committee which conducted an enquiry into the first and second rounds of the SRB concluded:

*"We believe that the SRB Challenge Fund has already demonstrated its potential to achieve excellent value for taxpayer's money. It is supporting not only the regeneration of cities, towns and smaller communities across England, but increasingly genuine community and private sector involvement, integration of different government programmes and a new sense of partnership between local authorities, TECs and others. We therefore have no hesitation in recommending that the Single Regeneration Challenge Fund should continue into a third and subsequent round."*³⁷

- 101 Local authorities are however not all satisfied with the process, or with the explanations for decisions which the Government Offices provide. At the heart of local government concerns about the Government Offices is that although the Government Offices have set different priorities in different regions, for example some have sought to fund from the SRB budget fewer, but bigger schemes whereas others have spread funds more evenly through the region, these differences in regional priorities have: "not been the result of consultation with local authorities and other organisations in the regions".³⁸ The TUC also considers that the "formal arrangements to consult and involve the social partners, local authorities and local communities are inadequate".³⁹

Whitehall Ambivalence

- 102 The Government Offices lack a champion in Whitehall: a clear political protagonist for specific regions, for the process of integration and joint decision making with a regional rather than a service-provision bias. Unlike the development of Next Steps executive agencies or the Citizen's Charter, there has not been a central unit in the Cabinet Office charged with promoting the initiative and overcoming bureaucratic obstacles: the Government Offices Management Board of

four Deputy Secretaries is not well designed to be a proactive body. The Government Office Central Unit reporting to it has the thankless task of negotiating, without sanctions, the changes in entrenched (and conflicting) positions which are required to bring about effective integration of services on the ground, while assuring accounting officers that expenditure is under control. If the Government Offices are to develop successfully, even within their own terms as arms of central Government, a supportive and creative attitude at the centre is required, and one which must be maintained over a period.

Absence of Other Government Departments

- 103 The Government Offices do not cover the work of all Government departments or even all the work of the four departments already involved. The Home Office has seconded a liaison civil servant to each of the Government Offices and *Rural England* (the rural White Paper of autumn 1995) identified MAFF as: "introducing new arrangements to ensure regular and effective inter-Departmental co-ordination at regional level"; but other departments not at present represented do not have formal liaison arrangements and some have very different regional structures of their own.
- 104 The list of absentee departments is sometimes paraded by critics of the Government Offices to demonstrate how partial is the process of integration, and how far it has to go. But it is worth questioning the implicit premise that all departments need to be decentralised in this way. Are regional organisations so arranged for purely managerial purposes (like the regional offices of the NHS, or the Prison Service); or on functional grounds permitting variation for regional circumstances? Which parts of government need seriously to be integrated with each other at a regional level? Integration, co-ordination and liaison all have costs. There is a basic logic in the choice of the first four departments, which are the main economic departments (excluding the Treasury), with the Department of the Environment providing an environmental and physical planning framework and context; there may be less logic in the candidates thereafter which, for functional and historical reasons, have had long-established regional organisations.
- 105 Whether, and if so, how, other departments should be integrated with the Government Offices requires detailed consideration, on a case by case basis, according to clear functional criteria related to the development of effective regional administration. Departments most frequently mentioned as missing are MAFF, the Department of Health, the Department of National Heritage and the Ministry of Defence. But reorganisation of departments with hugely different cultures and histories is itself a major task, even with strong political backing, as previous experience shows. Appropriate links with the education funding bodies should be made easier by their being brought within the framework of the Government Offices and any new regional democratic bodies by the union of the two former departments of Education and Employment.

Regional Contacts

- 106 The Government Offices have established working relationships with three main groups classified in the Senior Management Review as:
- the mainstream public sector (local authorities and Government departments).
 - other formal organisations - public, private or voluntary (including for example TECs and NDPBs).
 - private (mainly business) and voluntary sector.

The nature of a Government Office's relationship with its local contacts varies according to whether it is contractual (for example with TECs or the Careers Service); quasi-judicial (as in the case of Town and Country Planning matters); advisory (with much of the business community); collaborative (as with Government departments or bodies such as the Housing Corporation); or whether the Government Office is giving out funding from discretionary budgets (such as SRB).

Links with Local Government

- 107 The local authority associations maintain that except in regions with strong local authority regional grouping - e.g. the West Midlands Forum - the Government Offices have not so far provided an effective mechanism for enabling local government to work in partnership with central government at the regional level. Local government may have had unduly high expectations; and may need to come to terms with the fact that the primary role of the Government Offices is the implementation and monitoring of programmes determined at national level. The Government Offices may not yet have sufficient discretion to involve themselves in the partnership role originally envisaged. But, given a clear political remit, and a clear understanding of roles on both sides, there is no reason why active participation in a variety of partnerships with local government and other outside bodies should not develop, with or without a devolved regional tier.

Lack of Autonomy

- 108 Initially the Government Offices have had little room to set their priorities according to regional needs and demands. In the first year most of their budgets were already committed, with only the SRB being their own. There is still very little discretion over TEC funding or the funding for the various economic development and industrial support programmes. Criticisms of SRB allocations has, however, centred on the lack of effective ministerial influence on the final pattern of decisions recommended by Regional Directors. There is overall political direction in that the strategy and guidelines of the funding programme are approved by Ministers. The marshalling of bids is then done by the Government Offices, and recommended funding packages submitted by the Regional Directors to Ministers collectively. Over time, if local views and priorities are going to contribute to central government policy, the centre will have to learn to tolerate greater regional variation; and to accept a role for Government Offices in arguing why their region is different.

Accountability

- 109 The Regional Directors and their staffs remain responsible to the four Secretaries of State of the four departments which make up the Government Offices. This produces top heavy and potentially unclear lines of command as well as placing considerable departmental demands on the Regional Directors.
- 110 There are real tensions as a result of reporting lines to several Ministers; and the Regional Director does not have political authority to resolve inter-departmental differences - though it is a key part of the function to integrate the arguments and thus improve decisions. Examples of crunch issues which generate such differences are conflict between the land requirements of the green belt and inward investment; decisions on the line of major roads; and even the production of specific statements of strategic aims for the individual offices.

- 111 Another inherent tension is how far the Regional Directors can speak up for the region with central government. Formally they are agents of central government, but there is a strong feeling amongst their customers (partly because of the way in which the Government Offices were sold) that they will be advocates for the regions. All engage in special pleading for their regions behind the scenes; and some feel that credibility demands that they have to be seen repeating the same messages publicly. This is what the Scottish and Welsh Offices do, but with the political cover of their Secretaries of State - without such political cover acting as an advocate for the regions is a difficult role for a civil servant to play.
- 112 The most basic criticism is that ministerial accountability for the Government Offices is blurred and uncertain, as is the accountability of Regional Directors to Ministers. This point was explored by the Trade and Industry Select Committee in its recent report on Regional Policy. "The Integrated Regional Offices are accountable to particular Ministers for each programme, but there appears to be no ministerial responsibility for their co-ordinating role, which is the crucial aspect of their work. Given the fundamental importance of the IROs' activity, we consider it essential that they be accountable to a Minister, and thus to Parliament, for all their functions. We recommend that each IRO become the responsibility of, and be accountable to, a designated Minister in one of the sponsoring departments."⁴⁰
- 113 The Government's reply to this recommendation was: "Regional Directors are accountable to the appropriate Secretary of State for the programmes carried out by their Offices. This gives Ministerial accountability."⁴¹ This misses the point which the Trade and Industry Committee made: but there are difficulties in the Select Committee recommendation which are explored below.

Future Developments

- 114 How might the Government Offices develop in the future? During their second year the Government conducted an evaluation of their progress so far, and concluded that they had performed a useful role, which could benefit from minor adjustments and improvements, but that no major change was required. The Senior Management Review supports this decision. But the Government Offices may develop a dynamic which leads to further functions being devolved to them; and their creation has added to demands for more devolution, not less, even to the extent of suggestions that they become the voice of central government as a whole in the region.

Regional Ministers

- 115 The recommendation of the Trade and Industry Select Committee that each Government Office should be accountable to a Government Minister in one of the sponsoring departments would go some way towards providing improved accountability; clarifying lines of command and giving regional variations greater political legitimacy. It would be possible to develop the 'special interest' of Ministers in sponsoring departments into a clearer responsibility for a particular region but this could create two very different dynamics within and between departments. Regional Ministers would be putting forward the regional case and departmental Ministers would be putting the department's case (with the likelihood that some Ministers would be wearing both hats). This would be a problem now, and could become worse if the variation between the Government Offices were to grow.

- 116 In addition, this approach would move the problem of having to answer too many masters up a level, as presumably regional ministers would in turn be answerable to the Secretaries of State of the Government Offices' component departments. The Royal Commission on the Constitution considered this problem and concluded: "We do not believe that the regional Minister could serve two or more political masters in this way, especially in any clash of interest between their respective departments. This does not mean that...a regional Minister answerable to a single Secretary of State could not in practice establish satisfactory working relationships with Ministers of other Departments...But he would not stand in the same relationship to them as to his own Secretary of State, exercising functions on their behalf." This may not be the last word on the subject, but the difficulty is a real one.

Scottish/Welsh Office Model: Regional Departments

- 117 It would, in principle, be possible to go one step further and adopt a Scottish/Welsh Office model, with a Secretary of State and an Office for each of the regions. The Scottish Office has devolved responsibility for most home department functions; and the Welsh Office has responsibility for all except the Home Office functions. Within their respective spheres each enjoys a considerable degree of discretion, to adjust spending between services (more on roads, less on health); to vary standards (different regional planning guidelines); and to follow different policies, and in theory each of the English regions could follow suit.
- 118 The first obstacle to prevent decentralisation in England going this far is the strength of existing political structures: departmental bundles of functions are a result of historical development. These reflect not just the inertia of departments, strong though these are. There are important client groups for health, transport, housing, and the environment (for example) who support the idea of central government organised on functional lines. Above all, functional Secretaries of State are not going to allow their departments to disappear without a fight; nor does a Prime Minister seem likely to welcome the Cabinet being extended to accommodate eight or ten regional barons - even if the number of functional departments were much reduced by the transfer of functions to the regions.
- 119 Aside from the *realpolitik*, there are democratic arguments which make it questionable how far administrative devolution can go. The Welsh Office and Scottish Office have been highly successful in offering business and other clients a one stop shop; and they have integrated effectively across departments, avoiding the left hand/right hand muddles which are resented by clients of Whitehall. But however effective their programmes, however carefully tailored to local circumstances and however much they act as advocates for Scotland and Wales, they are nonetheless administering policy of central government. The only line of accountability is through their Secretary of State to Parliament. The Regional Minister or Regional Secretary of State could be similarly accountable, perhaps to a Select Committee of MPs from the region, like the Scottish and Welsh Grand Committees; and through a regular slot for regional parliamentary questions; but this, especially when created afresh, is unlikely to satisfy demands for democratic accountability in the regions.

Conclusion

- 120 There is a case for adding to the authority and range of functions of Government Offices. What Government Offices, with or without Ministers, cannot do is provide democratic accountability at regional level. Introducing individual Ministerial responsibility for the regions cannot provide a workable solution to demand for democratic accountability, though some version of it may be justifiable in its own right. The GOs remain arms of central government.
- 121 If this conclusion is correct, then plans for the further development of regional government must build on the Government Offices remaining in substantially their present form, with their lines of formal policy and financial accountability remaining to Ministers and Parliament. The Regional Directors can enter into regional partnerships and can give an account to a regional assembly and other partners of the policies and programmes of central government; but their priorities and resources will ultimately be determined by Whitehall and by Ministers, and not by any of the local actors. So long as this framework is understood there can be improvements in transparency and accountability in the sense of Regional Directors giving an account, but not in the sense of being held to account. Authority and control over the Government Offices remains with Ministers; and where there is disagreement over priorities, Ministers will continue to have the final say.
- 122 However, it is significant that the establishment of these offices represents formal Government recognition that their areas represent regions over which a core group of public functions should be integrated. The introduction of democratic regional institutions - particularly if directly elected - would change the role and purpose of the GOs. Only with the transfer of some of the GOs' functions to local or regional authorities could there be any devolution of democratic control. How regional offices should relate to new democratic structures is discussed in later chapters.

Chapter 6

Quangos and Other Bodies

"Year by year the subordinate government of England is becoming more and more important. The new movement set in with the Reform Bill of 1832: it has gone far already and assuredly it will go farther. We are becoming a much governed nation, governed by all manner of councils and boards and officers, central and local, high and low, exercising the powers that have been committed to them by modern statutes."

F. W. Maitland, *The Constitutional History of England*, 1887-88

Introduction

- 123 A factor in much of the discussion on the need for, and potential forms of, regional devolution in England has been a perceived need to reform the 'quango state'. Many of the proposals for Chambers, Assemblies, or other mechanisms for devolving authority, have included as a major goal actions either to bring quangos under their direct control, or to permit a regional authority significant influence over appointments, policies, and allocation of resources. This chapter discusses the factors which need to be considered in taking decisions on the nature and scale of transfer of responsibility.

What is a Quango?

- 124 The word 'quango' was coined in the early 1970s for bodies that operate at one remove from Government, and were thus quasi-governmental: their primary source of funds was from central government, but they were not part of Government departments. Their management was in the hands of boards or committees, normally appointed by Ministers to carry out specific tasks or advise on specialist issues. Quangos have existed for longer than a quarter of a century, but they have grown steadily in number and significance - as has public awareness of their existence. Their growth has naturally lead to vigorous discussion about issues of accountability and governance. This report does not deal with the full range of issues concerning quangos including that of relation between Ministers, boards and executive, or of ensuring value for money; its focus is on means of improving accountability at a regional level.⁴²
- 125 There is still no agreed definition of a quango. Recent definitions have broadened to include any public body that is not directly controlled by Ministers or elected local authorities, even including bodies that are Next Steps executive agencies, which remain the direct responsibility of Ministers, though their Chief Executives are given a defined measure of independence through framework documents. A distinction between these bodies that is widely understood is that between executive bodies, advisory bodies and tribunals.
- 126 This report focuses attention on those bodies which are significant at the regional level. The great majority of the 5,121 bodies identified in Democratic Audit's report *EGO Trip*⁴³ are of local rather than of regional importance. The Government's official 1993 figure of 1,389 non-departmental public bodies (cited in the Cabinet Office publication, *Public Bodies*), widely criticised as misleadingly low, includes a very large number whose activities are only indirectly related to the regional debate. At the same time, this list excludes some public bodies which are relevant and important at a regional level including regulators of utilities; Next Steps executive agencies such as the Highways Agency; and TECs, which are defined as private companies. The bodies that are of greatest significance at regional level are the major executive organisations responsible for the delivery of services; but the regulators of privatised utilities are also important for the regions.
- 127 What is beyond question is that - whatever the definition adopted - quangos and related bodies are responsible for the implementation of public policy on a wide scale and with significant levels public spending their proper conduct and their accountability is of major importance at national, regional and local level.

The Charge Against Quangos

128 The broad charge against quangos in the context of the regional debate is clear: quangos perform functions which may impact heavily on the community, they are funded primarily with public money, but they are run by people who are neither elected nor properly accountable. The most significant detailed criticisms of quangos are:

- appointments: appointments are made by Ministers often biased to their political supporters, either directly, or indirectly, through insistence on appointing businessmen; there are too many multiple appointments; and there is insufficient enquiry about the suitability of candidates.
- secrecy: lack of public access to meetings; inadequate statutory requirements for reporting to the public or its representatives; lack of publication of names and addresses of board members; and an appointments procedure that is opaque.
- mismanagement: there have been some publicised cases of mismanagement⁴⁴, sometimes involving breaches of accepted standards of propriety, assisted if not caused, by lack of openness and clear lines of public accountability.
- fragmented public services: quangos do not share common boundaries; there is no framework for bringing their decisions together; people and organisations, public and private, are confused about responsibility.
- lack of democratic accountability: Ministers have argued that quangos remain formally and financially accountable to Ministers. But the need for accountability of a service, such as education or health, goes wider than immediate consumers: the economic and physical well-being of the whole community may be affected.

129 The first three of the criticisms outlined above are largely issues of practice and are already being tackled by the present Government through its follow-up to the first report of the Nolan Committee on Standards in Public Life. The Government has appointed a Public Appointments Commissioner and accepted the principles of:

- appointment on merit.
- publication of job descriptions.
- transparency about the appointments process.
- identifying a wide range of candidates through advertising and local consultation.
- an independent advisory panel, for each department, to vet candidates.

130 In April 1996 the Public Appointments Commissioner published a code of conduct which embodied these principles, for some 8000 Ministerial appointments. A second report, will deal with the need for a more consistent legal framework across all bodies to govern standards of conduct, rules about openness and transparency, complaints procedures and independent audit.

Accountability

131 The changes initiated by the Nolan Committee may alleviate some of the criticisms of quangos, but they fail to address the issues of democratic accountability and fragmentation of public services (particularly at a local and regional level) which lie behind the link made between quangos and regional government and proposals such as those in *A Choice for England*, for democratic scrutiny of the quangos and related agencies in each region.

Strengths of Quangos

- 132 It is worth recalling that quangos have been found necessary by successive Governments - Labour as well as Conservative. For example, the legislation in 1946 to establish New Towns, built by Development Corporations which were subject to vigorous local opposition, was used as the model for legislation to establish Urban Development Corporations in 1979/80. Governments have seen in single-purpose organisations a delivery mechanism to cut through a web of competing, or ineffectual or over-lapping agencies, including local government, already in the field.
- 133 Single-purpose agencies at arms length from Government will therefore continue to attract Ministers of any Government who are in politics to deliver policy objectives. Even a Government publicly committed to reducing quango numbers, as the Conservatives were in 1979, found themselves creating quangos on a scale that dwarfed that of those that were abolished. Apart from single-mindedness, quangos have other strengths:
- in some areas of technical complexity, Ministers and civil servants are short of knowledge, expertise or resources: the quango mechanism allows the expertise to be brought in, especially (but not only) in advisory work. Scarce resources can be concentrated.
 - a quango with genuinely independent board members can pursue its single purpose, perhaps in response to outside opinion, not congenial to the Government that created it.
 - quangos are flexible: though many have powers defined by statute, these can be readily amended to meet new circumstances. A leading example is provided by the developing role of the Housing Corporation over its lifetime.
 - quangos have a degree of operational and financial freedom which, among other things, enables them to develop partnership with private or voluntary sectors and to lever in outside funds.
 - as the Rowntree report, *Opening the Boardroom Door* observed, large amounts of time, much of it unpaid, are devoted to public service or local appointed boards by people who believe themselves independent of political parties.

Lines of Accountability

- 134 Accountability also need not be exclusively through democratically elected bodies: for what the quango debate has demonstrated is that most quangos have multiple accountabilities:
- to Ministers: who appoint the board members, provide the resources and set the budget; set policy through various formal 'means'; approve the annual business plan and performance indicators; and set other standards through, for example, the Citizen's Charter.
 - to Parliament: through Ministerial accountability by parliamentary questions and debates; through direct appearances before Select Committees; and through the Chief Executive, in many cases being an Accounting Officer and called in that capacity before the Public Accounts Committee.
 - to the European Commission: where the bodies receive funding from the EC e.g. TECs.
 - to local authorities: through consultative forums; board membership in some cases; co-decision making bodies; scrutiny committees.
 - to the law: through courts and tribunals, the ombudsman, the Audit Commission and National Audit Office, and now the Public Appointments Commissioner.
 - to their clients: the tenants, patients, pupils and others who receive a service.

- to the local community: who have an interest as residents or commuters in effective public services whether or not they are themselves direct consumers.
- to local business and employers: who are strongly represented on some bodies (e.g. TECs) but not on others.
- to their peer group: who set formal and informal professional standards.

135 The recently established Environment Agency is an example of how forms of accountability other than direct democratic means can produce more acceptable arrangements. Serious efforts have been made to devise regional consultative arrangements for the new Agency, these have themselves been the subject of much consultation, and seek to include the main stakeholders. The key objective was to balance the uniformity a national regulator must provide with responsiveness to local needs and views. Since the Agency was set up only on 1 April 1996, it is too early to judge the success of the attempt. There have been some difficulties for local authorities selecting representatives because the Agency cut across local authority regional groupings, and these arrangements may not meet all the criticisms of quangos, but they do at least represent an advance.

136 Whether accountability arrangements of this sort are sufficient and whether the advantages of single-purpose bodies at arms length from Government outweigh their drawbacks depends on the facts in individual cases, and in the end on political judgment. But given the depth of opposition party feelings, a change of Government is likely to result in further general measures affecting the governance of all quangos being brought forward. A general policy on quangos is beyond the scope of this chapter, which instead focuses on quangos at the regional level and how a review of their status could be linked in with regional government.

Quangos and Regional Government: Action at National Level

137 The integration of a policy on quangos with a new approach to regional government must begin at central government level. Quangos have been created to pursue central government purposes; and beyond their statutory basis they receive detailed direction from sponsor departments embodied in a variety of documents, normally rolled forward annually in corporate and business plans. Action must therefore be initiated by central government if justified complaints about lack of proper regionally-based democratic control are to be put right. Without this direction from the centre, scrutiny arrangements developed at the regional level would be more symbolic than real.

138 A Government that was seriously concerned with improving the accountability and responsiveness of regional quangos would need to ask a series of questions at national level. The first and most important of these would be: which quangos and other agencies controlled by Government are important at regional (as distinct from local) level? Starting points in identifying these would include bodies with:

- strategic functions linked with those of the Government Offices for the Regions (and with those envisaged for Regional Chambers).
- existing regional organisation (though regional organisations need not match Chamber boundaries).
- support for EU regional funds.
- substantial budgets.

- 139 The list of bodies that are important mainly at the regional (as against the local) level would be short but significant. It would depend on the functions proposed for the regional bodies but a provisional list would include, for example, the Arts Council for England, Countryside Commission, English Heritage, English Nature, English Partnerships, English Tourist Board, Environment Agency, Further Education Funding Council, Higher Education Funding Council, Housing Corporation (but not Housing Associations), Rural Development Commission and Sports Council. Among bodies which are not strictly quangos, it would include at least the Highways Agency and TECs, (though these operate individually at sub-regional level, their collective contribution to regional development is great). Regional assemblies could also be well placed to scrutinise regional health provision, even if a further major re-organisation of the health service is unlikely.
- 140 It would not include a number of bodies which, though having significance in the regions, pursue functions which are essentially national. These include, for example, the Monopolies and Mergers Commission and the regulators of privatised utilities: these regulators need to be able to take a national comparative view of performance as between the regions. However, if Regional Assemblies are established, a review of the functions of regulators generally might well lead to proposals for changes to the way in which regulators are required to take account of opinion in the regions through consultative arrangements for local authorities and consumers.
- 141 In relation to each such body, a further series of questions would be asked:
- Should it continue?
 - Should its functions be absorbed by regional (or local) government?
 - If not, how could it link more effectively with regional structures?
 - What changes are needed to its terms of reference to secure this? (Terms of reference being taken to include its statutory base, directions from Ministers, or framework document. The case for changing existing regional structures to fit in with regional government boundaries could also be considered).
- These questions, if they are to result in effective action, would need to be asked through a searching review process under the direction of the sponsoring departmental Minister in each case.
- 142 The approach would have something in common with the Prior Options Studies under which each existing quango is subject to every five years under existing arrangements; but it would be conducted with specific reference to the regional debate. It could be reinforced by a central unit analogous to the present Efficiency Unit, but with tailor-made terms of reference. The review team for each significant body would include an expert outsider and a member bringing a regional perspective. The process as a whole is likely to need the influence of a senior Cabinet Minister in a central position with clear responsibility for prioritising the regional project. The twin aims of the reviews would be:
- to secure a better contribution from each of the bodies to strategic action. Much of the criticism of quangos in the regions has concerned lack of co-ordination. Hence the need for revised terms of reference from sponsor departments, to co-operate with Government Offices in preparing and implementing an economic and environmental strategy for the region.
 - to improve accountability at regional level, supplemented by the development of a relationship between Chambers and those quangos identified as regional (discussed in Chapter 9).
- 143 Changes would be secured by directions from sponsoring Ministers. This could in some cases result in the transfer of a quango's function to a regional assembly. This is unlikely to be a solution for

many quangos, particularly if regional bodies are indirectly elected. If a Minister concluded that a function should continue to be carried out by a quango or other semi-independent body, but with an element of regional accountability introduced, ministerial directions would need to specify the scope and form of the regional dimension. This would entail defining the extent to which regional variation in practice or policy was allowed for a body which continued to be sponsored nationally. It is to be expected that there will be some strains in this as the quango will have to satisfy both national and regional demands. A long-term relationship between such a body, its central government sponsor and a regional body calling it to account will depend on agreeing key objectives, and adequate means of negotiating areas of tension or disagreement.

Local Quangos

- 144 Although this report does not deal with local quangos, it is worth noting that a significant proportion of bodies identified as quangos perform functions at a local level and which in many cases were previous within the remit of local government, for example, further education, waste regulation and the funding of opted out schools. This progressive transfer of many services to quangos from local government is eroding the proper responsibility of the democratically-elected councillors. The first issue therefore for any future Government considering the transfer of quango activities to a democratic body, should be an analysis of powers which can sensibly be devolved to local authorities.

Conclusion

- 145 In the context of the regional debate, the quangos and related bodies that are significant are a comparatively small number of important national agencies. There are proper criticisms to be made of these bodies and of their accountability, including:
- patronage appointments.
 - secrecy.
 - mismanagement.
 - fragmentation of public services.
 - lack of democratic accountability.
- 146 All quangos have existing accountability arrangements (some more effective than others) and changes initiated by the Nolan Committee may alleviate some of these criticisms, although issues relating to democratic accountability and the fragmentation of public services (particularly at a local and regional level) will remain. However, quangos also have important advantages and a track record that will continue to attract Ministers of any Government who are in politics to deliver policy objectives.
- 147 A central review of the terms of reference of these bodies conducted by sponsoring Ministers and steered by a central Cabinet Minister with responsibility for regional government needs to establish whether they should continue, and if so how their terms of reference and other guidance should be changed to make them more responsive to regional requirements, while preserving their value. The relationship between quangos and a regional tier is considered further in Chapter 9.

Chapter 7

Regional Government and Europe

"They order this matter, said I, better in France."

Laurence Sterne, *A Sentimental Journey*, 1768

This chapter draws heavily on research produced for the
Constitution Unit by John Hopkins, Research Associate,
University of Sheffield.

Introduction

- 148 Apart from the United Kingdom, all of the large member states of the European Union have a system of regional government. Hence, in considering the establishment of regional government for England it is valuable to look to Europe - both for lessons to be drawn from the motives and the experience of other states in developing regional government, and to assess the importance of the increasingly regional emphasis of the EU itself as part of the impetus towards regionalisation in the UK.

Other Member States' Experience

- 149 Of the big five member states of the EU, four have undertaken a programme of regionalisation since the war, either in a single constitutional settlement at the war's end (Germany), gradually over a period of time since the war (Italy), or in response to more recent impulses (France, Spain). Another EU state, Belgium, has moved progressively since 1970 from being a unitary state to a federation. This chapter describes the various experiences of these countries in a number of areas. The survey is not exhaustive - there are other states with regional systems in the EU. These markers have been chosen for their similarity in size to the United Kingdom, and - in Belgium's case - the intrinsic interest of the regional system practiced. The overwhelming pattern in any event is one of great diversity.

Variable Geometry

- 150 This diversity is evident within countries as well as between countries: in the variation in size, and in the variation in powers between regions in the same country. In terms of size it will suffice to illustrate the range in three large European countries, from the smallest to the largest region. As Table 2 shows, in all of these countries, the range between the smallest and the largest region is at least 1:10, and sometimes greater.

Table 2 Regional Variation in Population and Area

		Germany		Spain		France	
Population size (millions)	smallest	Bremen	0.70	Rioja	0.26	Corsica	0.74
	largest	Nordrhein-Westfalen	16.70	Andalucia	6.90	Ile de France	10.66
Area (km ²)	smallest	Bremen	404	Balearics	5,014	Alsace	8,280
	largest	Bayern	70,552	Andalucia	87,268	Rhône-Alpes	45,348

Source: John Hopkins, *Regional Government in Europe*, 1996.

- 151 In terms of variations in powers, it is worth noting that in several countries there are high and low autonomy regions:

- Spain is the case most often cited, where originally three and now seven of the 17 regions have relatively high autonomy, but in different degrees - there is really a fast, a middle and a slow lane.

- Italy is another example, where 5 regions have significantly more power and autonomy than the other 15.
- in Belgium the Brussels region and the German community do not enjoy the same latitude as the Flemish and the Walloons.

The ability of these countries to accommodate this degree of internal variation suggests that there is no necessity for devolution in the UK to follow a uniform or symmetrical pattern. But in some of the examples - Belgium, and the cases of Catalonia, Euskadi (the Basque country) and Galicia in Spain, the analogy is much more with recognition in the UK of national differences as with Northern Ireland, Scotland and Wales.

Rationale

152 Whilst all the countries mentioned above have functioning regional structures of government, the motives for developing those structures have varied a great deal:

- in Germany the Allies' intention in framing the post-war constitution was to divide sovereignty definitively between the centre and the regions in order to make it more difficult to permit a repetition of Hitler's capture of overwhelming power through the democratic institutions of the country. Power was divided; so too was the old 'region' of Prussia divided into smaller units, and the boundaries of other traditional regions redrawn to break up any strong previous regional identities. Only Bremen, Hamburg and Bavaria remained largely in their historical form.
- the division of power was also a key motivation in the creation of a regional structure in Italy. The post-war constitution allowed the immediate establishment of 'special regions' i.e. those where there was already a strong demand such as Sicily and Sardinia. The wider development of regional government foreseen in the constitution did not, however, occur until the 1970s when at last central government was ready for a slight loosening of the reins in the area of planning and, later, the health service (but little else).

153 In Spain, France and Belgium, the regional impulse is more recent:

- in Spain the end of the Franco regime and the return to democracy led to a policy of regionalisation - to meet the separatist claims of parts of the state - there had been separatist pressure in Catalonia, Euskadi and Galicia at least since the 1920s - and to free up the highly centralised and inefficient bureaucracy that was the legacy of the Franco years. Thus the Spanish Constitution of 1979 included provision for the development of regional government.
- in Belgium too the motive for regionalism was a response to cultural and linguistic divisions. The central government's response to these pressures was to create, in 1970, three communities - of French, German and Flemish speakers - and three regions - Walloon, Flemish and Brussels regions. The regions and the communities each split Belgium into three parts, but their boundaries are not co-terminous: the Regions are territorially based whilst the Communities represent linguistic groupings. Together the six entities comprehensively recognise both the cultural and the economic diversity of the state. Over time their power and significance has grown until today Belgium is a full federation of the six Regions and Communities. This is an unconventional federation in that the regional units have equal legal status, but in some cases have authority over overlapping territories. The resultant sub-national tier enjoys powers unknown to any other region, even the German Länder.

- France's motivation might be seen as more bureaucratic. The socialist Government's decision to introduce democracy into an already existing tier (established in 1972) of indirectly appointed Regional Chambers in 1982 was not a response to any crisis, nor - in spite of pressure, and violence, in Corsica - an attempt to prevent one. Democratisation of the regional tier chimed with the socialist Government's outlook and also played to a sense that central government had, in spite of Regional Chambers, been insensitive to democratic needs at a level above the commune. Hence the new French Government established within a few months of entering office a system of democratic regional governments and special status for Corsica.

Functions

- 154 The functions of the various regional governments depend largely on the motive for their creation.
- in Germany, where the aim was to divide power, the powers of the regions are substantial. In particular, unusually, there are regional police powers - a legacy of the wish to ensure the division of the organs of the state.
 - in France the regions have no legislative powers and have only grown beyond their original limited scope in the area of economic planning.
 - the Italian 'ordinary' regions were seen at their inception as primarily having responsibility for planning. Although they now have legislative powers in a number of areas, the 'framework' legislation from central government is so detailed as to leave them very little room for manoeuvre.
 - Belgium is at the other extreme: its regions have considerable power, including in foreign affairs and, most significantly, the power to trump central legislation where it strays into areas of its exclusive legislative competence.
- 155 The range is very broad. But it is possible to summarise the position: the most common powers given to the regional tier are social (education, health, environment) and economic (planning, transport, economic development). But the scope for independent policy is limited in most cases. Most of these powers permit only the implementation of a regional policy in parallel with the national one. Some operate within a national framework (most of the Italian regions' powers), and others simply consist in administering national policies (e.g. management of the lycees in France). Belgium enjoys the greatest degree of regional autonomy in the sense of independent regional policy making powers. Germany and the more advanced of the Spanish regions enjoy this to some extent (e.g. in education in both countries, and police in Germany, health in Spain) - but in practice regions tend to conform with national policy even in these fields, choosing to operate within the bounds of, or jointly with, national policies in all the areas for which they are responsible.

Financing Regional Government

- 156 In all cases, inevitably, the financing of regional government is a fundamental issue. All, except the 'ordinary' regions of Italy, enjoy considerable autonomy over how they spend their budgets i.e. the portion that is not granted by central government for specific purposes may be distributed across policy areas according to local priorities. This is more or less significant depending on the range of needs that the regional tier has to meet in any event. Thus in Germany, where regional finance is broadly assigned to ensure equal per capita income across all Länder, those Länder with high levels of need (e.g. those with high welfare costs) have less

money left over to devote to distinctively regional policies. This may be partially alleviated by the Bund's duty to supply grants to meet some areas of need.

- 157 There is considerable variation too in the proportion of public spending in each country over which the regional tier has control. In Belgium the regions account for some 50% of public spending, in France the figure is less than 2%. Those figures need to be borne in mind in looking at the regions' degree of autonomy in raising their own revenues. With the exception of France, the major portion of regional budgets is allocated in a block from central government. The size of the block depends on a variety of factors including what proportion of the budget is supplied by assigned taxes (regional yields from national taxes: these clearly vary between rich and poor regions), the definition and degree of equalisation set in the system (i.e. what criteria are used to assign revenues from the centre to correct for imbalances between rich and poor regions), and the freedom for the region to raise its own revenue.
- 158 This last element varies from country to country but is relatively small in all cases; the truth is that it is politically very difficult for regions to raise taxes, even where they have the power to do so. The German Länder, powerful as they are, have no independent tax raising powers at all; and Italy's regional taxation accounts for less than 1% of regional budgets. In Spain and Belgium revenue-raising powers look significant in theory but are much less so in practice. Both have a similar range: to impose new regional taxes, to add a surcharge to those national taxes which are assigned to them on a regional basis, and to add a surcharge on national levels of income tax. The first power is rendered insignificant by the proviso that no item or activity taxed by another level may be taxed by the region (this leaves environmental taxes and tax on the rental of video tapes as the only available options in Belgium, for example). The second power cannot raise significant income since the taxes assigned are usually peripheral taxes with low yields (vehicle licensing and beer tax in Belgium) and the political opprobrium associated with raising them locally is usually not worth the candle. The third power - to vary income tax - is the most obvious source of extra income for a Spanish or Belgian region should it be required. But the option has in practice been exercised by only one region, and then as a temporary measure (Euskadi used the extra revenue to pay for severe flood damage).
- 159 Finally, the case of France is interesting. In contrast to the other examples examined above, the French regions have considerable discretion to determine their own budgets. Nearly 50% of their revenues are raised in regional taxes. These too are all peripheral taxes with low yields (car registration tax, business tax, property tax), and in some cases are taxes on items or activities which are also taxed at the local level as well. Both these factors put an effective limit on the size of the regional budget. But because the budget is so small overall, small variation in these tax rates can have a significant relative impact on the budget at the regional government's disposal. The high proportion of regional taxes in the budget also means that the degree of equalisation between regions is minimal and large disparities between rich and poor regions are maintained. In theory such imbalances should be offset by the block grant allocations, based on previous spending by central government in the region prior to decentralisation.
- 160 A contractual planning system is also central to the decentralisation reforms and the allocation of funds.⁴⁵ Regional planning is facilitated through *Contrat de Plan d'État Régional*, which are essentially contracts between the state and the elected regional authorities and more localised urban planning is structured through *Contrat de Ville*, contracts between the state and local authorities. Provisional regional contracts are produced by the regional prefects in co-operation

with regional presidents and planning committees, these are then negotiated between the regions and central government, eventually becoming a contractual agreement. Development programmes are then funded through the *Contrat de Plan* : in the period 1989-93, 100 billion francs were provided through the *Contrat de Plan*, 55% from central government and 45% from the regions.⁴⁶

Relations with Local Government

- 161 A key question is the relationship between regional and local government. In France, the regional tier is seen as another level of local government and has the same constitutional status as local government - not entrenched. Its functions were explicitly devolved from the centre at its inception, not absorbed from the tier below. Local government enjoys the same status and a similar degree of financial autonomy (e.g. raising local taxes and borrowing). Accordingly the regional level has no control over local government: it acts rather in a co-ordinating capacity to bring local interests together at the regional level (in the same way as the Regional Chambers did before the 1982 reforms). Hence the pattern of regional economic development is for the regional level to plan and co-ordinate projects and to interest private finance, but for the majority of public funds to come from participating local governments.
- 162 In all the other cases under consideration local government is to a greater or lesser extent under the supervision of the region.
- In Germany local government is entirely under the control of the Länder.
 - The same is nominally true in Italy, but the practical limits on the Italian regions' legislative scope make their powers of imposition on the lower tier minimal.
 - In Belgium the regions' involvement is circumscribed by the constitution (certain powers are reserved to the local level), by local government's relative financial autonomy, and by the fact that they may not alter the structure of local government. Even so, the regions' extensive legislative powers in practice can be as constraining on the lower tier as any national government.
 - In Spain local government, with the exception of the province, may be supervised by some regions. Its boundaries and structure may be changed by the region, and regions may even introduce new levels of government or administration (e.g. Comarcas in Catalonia). But their degree of control operates within the limits of the constitution which ensures that local authorities retain a general competence and largely independent funding.
- 163 In general the experience in Belgium, Italy and Spain has been of tensions arising between regional and local government. Catalonia tried to abolish the provinces altogether, but this was ruled unconstitutional. (Provinces are the next level of government below the region.) It then proceeded to ignore them and concentrate instead on the county units it created itself. Central government now uses the provinces to by-pass the region. A similar trend can be seen in Italy, with central government funding local projects directly rather than channel funds through the region, which has in practice reduced the autonomy of local government as compared with the pre-region position: local government feels the hand of central government much more closely than before. This is due to regional government being unwilling to devolve power downwards, and of lack of precision in the original allocation of powers which has left some local government powers vulnerable.

Process of Establishment

- 164 In most of the countries under discussion the process of introducing regional government took 20 to 30 years. In contemplating the introduction of regional government in England, the very different processes used in France and Spain may be instructive.
- 165 In France the new socialist Government took office in 1982 with a clear determination to democratise the existing regional tier. It did so by enacting within a few months a framework law establishing regional governments throughout France and a special status for Corsica. Having thus reached agreement on the principle, the details of the scheme were left to be elaborated later through delegated legislation. Even so, the Regional Councils were not actually established until nearly three years later: the Government had kept putting off the elections due to their mid-term unpopularity. Only two of the twenty-one mainland regions returned a socialist majority. This is said to have helped to save the regional councils when the right returned to power in 1988 (the councils have no constitutional protection).
- 166 In Spain, by contrast, the Government chose to adopt a more permissive approach, allowing regions to opt in to devolution rather than imposing it for all. Catalonia and Euskadi were given autonomy from the start. In addition the constitution included two procedures for any province or group of provinces to claim autonomous status. The first, fast track, route involved all the province councils, three quarters of the municipalities in each province and an absolute majority of the electors in each province declaring for autonomy. The resulting statute then required approval from the electors in each province: if any rejected it then the others could go ahead without them. The second, slower, procedure did not require the provincial electors to be consulted either to initiate the process or to approve the final statute (ratified instead by the Cortes). This process led to a lesser range of powers which could not be augmented for five years.
- 167 When Galicia joined Catalonia and Euskadi under the fast track procedure this was what had been expected. It was never envisaged that regionalisation would go much beyond the historic communities. But then Andalucia applied for full autonomy and, in spite of the resistance of central government, was granted it in 1981. The coup in that year panicked the Government into passing a law closing the fast track route to future applicants. This was ruled unconstitutional. A compromise settlement gave full autonomy to a further three regions (Valencia, the Canaries and Navarre) but closed the route for others. At the same time the Government created regions in the areas where none had been demanded - in the hope that they would support the centre against the more independent regions.
- 168 This process of 'rolling devolution' has been more or less successful. The programme was completed in less than four years. The resulting structure is stable, and the force of the Catalan and Basque demands for independence is considerably reduced. Both now concentrate on obtaining more influence within Spain and within the EU. But there are a number of cautionary notes. First, the programme relied for its implementation in practice on the constitutional framework establishing it. That provided the guarantee to the potential regions that the status they desired would still be there by the time they had mobilised forces in favour of it, and that the settlement could be improved over time. Second, the programme was never established with either the intention or the expectation that anything like the present system of government would result. Third, the programme was not in the event allowed to run its course as unforeseen

circumstances prompted the central government to reconsider (rather as the rolling programme in Italy was stalled by an unsympathetic Government for twenty years). And finally, a minority argue that the whole programme was an over-reaction to the demands of the Basques and the Catalans which could more effectively have been satisfied on their own.

Regions in the European Union

- 169 The role of regions in Europe should also be viewed in the context of the of the European Union. The EU offers an increasingly important framework in which regions operate and exercise influence, and provides an important source of regional finance. The remainder of this chapter considers the importance of these aspects for any proposed English regional government.

Influence

- 170 The influence of the European regions on the development of EU policy and legislation is constrained principally by the fact that the Union is based on the unit of the nation state. It is the Member State which negotiates and ratifies treaty amendments and which has the legal responsibility to implement European legislation within its borders. Where the Member State has a powerful regional tier of government this last condition can mean that central government may effectively legislate through the mechanism of Community law for areas formally devolved. A number have instituted structures for involving the regions in the co-ordination of national positions to take in the Council of Ministers in recognition of this fact. The German system is the most developed. It was largely at German - and Belgian - insistence that the Maastricht Treaty amended the rules to allow regional governments' participation in the Council, so long as the representative is: "authorised to commit the government of the member state".⁴⁷ This still places the ultimate responsibility on the Member State to delegate authority, and if used at all is likely to be to assign authority to 'the regions' as a collective rather than to an individual region. Only Belgium has made use of this article in practice (reflecting its exceptional circumstances).
- 171 The other innovation of the Maastricht Treaty was the establishment of a Committee of the Regions. This has a purely advisory role and is modeled on (and until recently shared a secretariat with) the Economic and Social Council (ECOSOC). There are those who wish to see the Committee enhance its powers in the current Intergovernmental Conference i.e. to develop the Committee into a 'third chamber' alongside the Parliament and the Council, redefining the principle of subsidiarity to give a formal locus to sub-national government within the EU and hence access to the European Court of Justice to challenge over-centralisation, and consultative rights in a wider field of activities. These claims are based on growing concerns amongst the more powerful regions in the EU - especially Germany, Belgium and Spain - that the powers of the Member States in developing EC policy and Community law threaten to undermine their autonomy.
- 172 It is unlikely that they will be successful in effectively changing the basic unit in the Union from the Member State to sub-national levels of government. The change would be a radical one with far-reaching consequences. While the regions of Belgium and Germany may be willing to contemplate this, and can threaten to veto treaty ratification if they are not satisfied, few of the

other Member States have developed regional structures to the point where they could go along with this: and all treaty amendments require unanimity. In addition, the focus of the institutional debate at the IGC is more likely to be on future enlargement of the Union to embrace a number of relatively small Member States, starting with Malta and Cyprus. Developing a regional tier within the Union structure at the same time as working out the modalities for incorporating these small states into the existing structures for co-operation will prove too much for this Intergovernmental Conference at least.

- 173 The argument from a UK perspective is slightly different. It is not the case that English regions, like the German *Länder*, feel a potential threat from the EC treading on their competences. Rather, English local authorities perceive their growing relevance at the European level as potentially enhancing their status, and in some cases their funds. Even so, although UK local authorities have built up their presence in Brussels, without a UK regional structure they will compete with larger and more powerful regional governments. The UK is, for example, at a disadvantage on the Committee of the Regions because, as Harvey Armstrong puts it: "UK local-level representative must try to exert influence alongside German and Spanish representatives representing Catalonia or Bavaria".⁴⁸ Whatever influence the Committee of the Regions may (potentially) have, it is an influence to which English regions cannot aspire as long as they are 'represented' in Europe only by local councillors.

European Funding

- 174 The final area in which the EU is of relevance to the debate about English regional government is in the provision of regional aid through its structural funds. Many argue that England's lack of a regional tier of government makes it more difficult to co-ordinate the necessary regional input into the EU funding process, and that England loses out as a result. Two consequences of the existence of EU regional funds are not disputed: they mean that mechanisms have had to be found in England for co-ordinating regional bids and for accounting for regional spending to the Commission; and a plethora of regional offices have sprung up in Brussels to monitor funding opportunities and to lobby for specific projects (there are five UK Government sponsored offices and nine operated by local authorities).⁴⁹
- 175 Even so, the evidence as to how significant the existence of a strong regional tier of government is in obtaining funds is mixed. In theory the power of the regional voice should not affect the allocation from the structural funds since the map of areas qualifying for assistance under each objective is drawn up by the Commission and the member states in accordance with strict criteria (which are the result of fierce bargaining). Funds should be assigned on the basis of need. That said, the political pressure that the regions can put on the member state, which in turn is applied to the Commission, can affect the map at the margins. It was the strength of the UK Government's persistence which gained the Highlands and Islands 'Objective 5b' status, for example, rather than lobbying from that region. Beyond the map, individual regions can be more or less successful and enterprising in persuading the Commission to part with the limited sums under its own control for small 'pilot' projects in their areas. Regional organisation may also be useful in relation to cross-national regional grouping. For example, when the 'motor regions' of Europe were looking for a partner region in the UK they looked originally in England, but could find no regional governments with regional political leaders they could talk to: they ended up in Wales.

- 176 Where the existence or otherwise of regional institutions may make a difference is in the utilisation of the funds once obtained. The level of expertise in, for example, Scottish Enterprise or the Welsh Development Agency, can mean that these agencies are able to use specialist EU programmes in technology transfer and business services (e.g. STRIDE, SPRINT) where other regions simply do not have the capacity to formulate an approach to the EU in these terms. It would be safer to conclude that while the non-existence of English regional government has not greatly affected the regions' take from the structural funds or distribution between them, it may have had an influence on how effectively this money is spent.
- 177 The prospect of enlargement means that the structural fund regulations which emerge from the 1999 review are likely to target very different beneficiaries from the present. The UK has fared relatively well in recent years on the specific criteria for unemployment and social deprivation which the funds have targeted in the past. The present arrangements are likely to represent the high water mark in terms of access to EU funds. In any event the regional transfers involved are dwarfed by others occurring nationally within the UK as a result of fiscal and spending policies - between 1994 and 2000, the UK will receive approximately £1.1bn a year, less than half of one per cent of British Government annual expenditure.⁵⁰
- 178 The EU's regional policy is nonetheless having an impact on relations between local and central government within the UK. The Commission is starting to develop an active regional policy,⁵¹ and in doing so is increasingly appealing over the heads of national government directly to the regions themselves. This has caused some tension between local and central government in relation to gaining the necessary support for regional bids - especially where matching central funding is a condition. EU regional policy has therefore had a number of knock-on effects. Local government has recognised the need to keep closely in touch with the Commission in order not to miss out on funding opportunities. Local authorities have also had to form regional coordinating groups in order to satisfy Commission criteria for regional programmes, both within the UK and within wider European regions, for example in relation to the recent Interreg IIc initiative. The creation of a regional tier would make it easier to access the Commission's regional policy, and place the regions in a stronger position *vis à vis* central government to insist on their co-operation in pursuing regional initiatives.

Conclusion

- 179 The patterns of regions in Europe is one of great diversity - in terms of powers, size, population, constitutional status, age or whatever other criterion one chooses. It is partly for that reason that a 'Europe of the Regions' has yet to materialise. Another reason might well be the predominance of national concerns and national policy makers in the debate about the future structure of Europe. The policy makers tend to be less excited and inspired by the prospect of genuine co-operation and integration at a regional level than their counterparts in local government who have experienced the benefits of this approach. The arguments above might themselves be seen to be unduly influenced by the national as opposed to the local policy debate. In any view, the EU does offer an increasingly important framework in which regions operate and exercise influence, and the EU structural funds are an important source of regional finance. None of this is grounds in itself to establish a regional tier in England, however there will certainly be pressures and incentives coming from Europe to act in regional groupings.

Chapter 8

Options for Change

*"it is the prime requirement for good
government that it should be democratic,
not that it be efficient..."*

Commission for Local Democracy, *Taking Charge:
the Rebirth of Local Democracy*, 1995

Introduction

- 180 Having considered the functional, democratic and other arguments advanced for devolution; and examined separately local and central government, quangos and the European context, the cumulative weight of the arguments in support of democratic regional government becomes clearer. It is not necessary to go so far as the Commission for Local Democracy in saying that: "it is the prime requirement for good government that it should be democratic, not that it be efficient"; but there is an important message in that point - as the old saw about Mussolini making the trains run on time reminds us.
- 181 There may or may not be trade-offs between democracy and efficiency; but it has been too readily assumed by central government that efficiency - taking efficiency broadly to equate with the supply of effective services economically provided - results from centralised control. "Democratic" control depends on open and public accountability to an electorate who can change the decision making executive. It requires not only decisions to be made at the appropriate level, time, and degree of detail, but that they are made by people with an appropriate democratic mandate: influence exercised by an electorate that votes only at general elections is too remote and coarse-grained to be effective in regional or local decisions. This chapter examines where the case for regional government takes us, focusing the case for change on possible models for devolution. It then considers the issues of uniform levels of provision and distribution of power between tiers of government.

Conceptual Models

- 181 There is, in principle, a number of possible models for decentralising democratic control from the national government:
- Model 1** Restoring local government powers and functions. This would be compatible with any of the further models suggested below. It is justifiable in its own right; and would positively strengthen Model 3 in particular.
- Model 2** Regional parliamentary assemblies composed of all MPs (and perhaps MEPs) for each region. In our terms these would be improved versions of the Scottish and Welsh Grand Committees; and would perhaps be most naturally linked with the appointment of ministers for each region, possible roles for whom are discussed in Chapter 5. But such a model would squeeze the role of democratic local government and not widen the representativeness already given to MPs and MEPs by their election. Proposals in Scotland and Wales to strengthen the Grand Committees have found little favour with advocates of devolution, and it seems unlikely that the reception would be different in England.
- Model 3** A confederation of local authorities (indirectly elected), to co-ordinate their interests in strategic planning, economic development and transport; to articulate and represent regional interests to central government; to Europe; to other regions; to public bodies and potential investors abroad. A supervisory role over non-democratic public bodies operating at regional level could be part of this.

Model 4 Directly elected assemblies with a range of possible powers, mainly if not exclusively drawn from central, not local, government.

Model 5 A body based on the rationalisation and merger of those bodies operating in the regions which are of a strategic nature but are not subject to sub-national democratic control:

- police.
- health.
- higher and further education.
- regional arms of selected quangos and similar agencies.

The form of the body would be determined in the light of decisions about exactly which functions were to be covered.

183 There are many who advocate the return of power and responsibility to local government (Model 1), but it does not itself deal with the case for a form of regional devolution in England nor with the functional arguments for a regional tier. It is fully compatible with other models (though the issue of an independent source of finance remains to be solved). Model 2 does not, for reasons suggested above, meet the aims of key participants in the debate, particularly in the light of the current reputation of the House of Commons. Model 5 is a model of a different kind from the others: the functions gathered together could be allocated to a body on the lines of those either in Model 3 or Model 4.

184 The most promising approaches in terms of meeting the democratic and efficiency arguments are therefore those in Models 3 and 4. These are broadly the models adopted by the Labour Party, in the form of Regional Chambers in a first phase, leading on (if certain stringent conditions are met) to directly elected Regional Assemblies in a second. The Liberal Democrats advocate a version of Model 4.

Some Basic Objectives

185 Chambers need to meet the basic objectives of utility and credibility and should also be a test of regional government:

- **utility:** Regional Chambers should have a coherent group of powers and responsibilities which would continue to make sense even if the stage of directly elected Assemblies were never to be reached.
- **credibility:** Regional Chambers should be capable quickly of demonstrating their value to the region: their ability to attract the attention and energy of influential political figures will be a test of that.
- **potential for progression:** the functions of Regional Chambers should be sufficient to give a fair test of a distinct step on the road to regional devolution so that people can develop an informed view of whether they want to go further.

186 In addition, considerations of equity, distribution of power and clarity need to be kept in mind at both Chamber and Assembly stages:

- **equity:** any proposal for devolving power, whether to local or regional level, must face the question of equity. There are some local (and no doubt regional) services which the public expects to be delivered to a uniform standard nation-wide: probably a leading example is the national health service, in the extent to which it supports equal life-chances (even though it notoriously does not). There are others - though there would be disagreement about which - where variable standards are perfectly acceptable; and where the fact that diversity of approach encourages innovation and experiment is accepted as a positive good. Local government services do not aim to provide uniformity of service. However, as the Audit Commission evidence to the House of Lords Select Committee on Relations Between Central and Local Government notes, the balance with local government has been shifting towards national control of standards as well as of expenditure. Equity is one of the key touchstones in deciding on the acceptability of decentralisation in the forms discussed in this report; but it may need to be set in the balance against autonomy. People may choose difference if they are given the choice.
- **distribution of power:** a regional tier of democratic government would in itself add to diversity in the distribution of power and (in principle) to the checks and balances operating in the government system as a whole. But the latter would only be true if any of the powers of such a tier were transferred from central government, or from the bodies under its control. Otherwise, the iron law of administration would operate - that if a new body is created, it will take power from where it can - in this case local government. The test of seriousness of Government's purpose in establishing a new regional tier will be this willingness to take positive steps to divest itself of power.
- **clarity:** the relationships between new regional bodies and existing institutions must be clear and well understood if they are to be useful and command support. For example a: "supervisory role in relation to quangos or other agencies", as suggested in *A Choice for England* would not amount to transfer of power unless action followed from it. It would need to be decided at the time of legislation, in relation to each main function, whether the function was to be exclusive to the Regional Chamber/Assembly or exercised concurrently with local government. The functions of a regional body should also not duplicate functions of central or local government, and any system of supervision or consultation that is put in place over executive quangos and agencies should be designed to improve service delivery to the end-users.

Establishing a Regional Tier

187 At the further end of the range of functions and competences of regional government are those proposed by the Scottish Constitutional Convention for a Scottish Parliament - arts, education, environment, health, housing, local government, economic development, sport, trade and industry, transport. At the other end of the range is a right of consultation with regional agencies such as the Government Offices and regional quangos.⁵²

- 188 In principle, given the necessary political will, it would be possible to move in a single step to a relatively well developed model of regional government (directly elected with executive powers), as indeed the Liberal Democrats propose. However, even this would require a substantial period of preparation - in the Liberal Democrat's plans, a six year period. The Labour Party's proposals envisage a formalised transition period in the form of indirectly elected Regional Chambers as a step on the way to Regional Assemblies, if democratically supported; no period is set and the hurdles to be overcome are high. Given that both sets of proposals leave the pace of change to be dictated by regional demand, the length of the transition period is unpredictable and could vary considerably from region to region.
- 189 Of two substantial comments by local authority associations on Labour's proposals for regional government that of the Association of District Councils concentrates on the Regional Chamber phase, on the basis that in practice it is unlikely for a good many years that elected Assemblies will be attained. The Association of Metropolitan Authorities, by contrast, proposes that the first phase should be explicitly regarded as a transition, to be made as quickly as possible, to elected Assemblies. The chapters that follow adopt versions of these two models as the framework of discussion. One may, of course, lead to the other. The implications of the two approaches, which represent a major strategic choice, are drawn out below.

A Phased Process?

- 190 Taking the process in phased steps could be argued to be more in accord with English traditions - though that is a two-edged argument. Factors in favour of a gradualist approach are that the current set of regional functions are so diffused and that even if it were desired it would be very difficult for a single body to take them over in one step. However, a gradualist process where regional government is allowed to develop at its own pace without any statutory support (giving it at least some constitutional and political protection) would be vulnerable to changes in the political make-up of both central and local government. More persuasively, since demand for regional government is at present strong in only a small number of English regions, establishing Regional Chambers first rather than going straight for elected Assemblies stands a better chance of achieving permanent and acceptable change which would be unlikely to be reversed in the event of a change of Government at Westminster.
- 191 However, directly elected Regional Assemblies are a very different proposition from Regional Chambers: there are important differences between the powers and functions appropriate to an indirectly elected body and those which could be exercised by an elected Assembly, of the kind discussed in Chapter 12. The most important distinction arises from accountability, financial and political, for executive action. As the Association of Metropolitan Authorities put it: "there are limits to the extent to which responsibilities can legitimately be transferred to an indirectly elected chamber".
- 192 In addition, most versions of Regional Chamber, including that set out in *A Choice for England*, build on the developing structure of local authority regional associations and leave local authorities firmly in control: by contrast, direct election would mean regional bodies with their own autonomy. However much it were said that the object was to remove power from central, not local, government, creating such bodies might well be opposed by many local authorities.

Process of Establishment: Rapid or Staged Transition

- 193 It would be perfectly possible for a pattern of Regional Chambers, with appropriate adjustment, to lead on to a pattern of directly elected Assemblies. That is what the Labour Party proposes. It is also the course adopted in France where a pattern of indirectly appointed Regional Councils in 1972 was succeeded by the establishment in 1985 of directly elected Councils; though it is noteworthy that the second stage was imposed by the central government, rather than introduced gradually in response to regional demand.
- 194 A key choice in the UK, with practical implications, is between a rapid transition process and one which divides the process up into distinct stages. A rapid transition would mean regarding the Regional Chambers from the outset as essentially preparatory to an early move to elected Regional Assemblies – as (for example) the Association of Metropolitan Authorities argues. A staged transition would assume that the first stage bodies are, at least potentially, a permanent state; certainly one that is self-contained. The Association of District Councils (again, for example) develop a case for a body which does not necessarily assume progression to Regional Assemblies. In that case, the issue would later depend on demand for the further step growing out of the experience of the Chambers.
- 195 It is common ground that elected Regional Assemblies could not be established without legislation. There is less certainty, as discussed further in Chapter 11, about whether worthwhile progress with Regional Chambers could be made without legislation: the timing and content of legislation, if judged necessary, would differ as between the rapid and stage transition options.
- 196 Practical differences between the two approaches are considered below.

Rapid Transition

- If it were certain that Regional Assemblies were to be set up in short order, legislation would be needed to provide for that from the outset; providing for all the essentials including powers, finance, boundaries, methods of election and so on for establishing elected Regional Assemblies from the outset.
- The role of the Regional Chambers, being transitional only, would be less significant.
- If it is assumed that all regions will not necessarily have Regional Assemblies at the same time, regions that did not opt for Assemblies should at least have well-established Chambers; this would need to be provided for in the legislation. The choice between opting for an Assembly and establishing them uniformly, as in France, is discussed in Chapter 12.

Staged Transition

- It is argued in Chapter 10 that the effective operation of Regional Chambers would be significantly enhanced by some legislative provision, but a useful start could be made without legislation on the basis of a White Paper which set out key policy guidance.
- The legislation required would be much simpler and less controversial than would be needed if it had to make provision for elected Assemblies from the start (acknowledging that further legislative provision would be needed later on for Assemblies).
- However, advocates of direct election might argue that the establishment of Regional Chambers would be a barrier to direct election rather than a step on the road.

Conclusion

- 197 Of possible models for democratically elected regional government two are proposed as the framework of further discussion: indirectly elected confederations of local authorities, referred to as Regional Chambers, and directly elected Regional Assemblies. While it would be possible to move to directly elected Regional Assemblies, some form of transition period would be necessary. Regional Chambers may be either transitional, or a potentially permanent - and therefore self-contained - state. There is a key strategic choice, with practical implications, between a rapid transition and a staged transition.
- 198 The basic objectives to be met for the Chambers are utility, credibility and the potential for progression. For both Regional Chambers and Assemblies considerations of equity, distribution of power and clarity are basic.
- 199 The next two chapters consider the role and functions of Regional Chambers and the whether or not legislation is required to establish them.

Chapter 9

Regional Chambers

"Is there a case for a grand design? It should be said at once that there are powerful arguments against doing anything more than is strictly and politically necessary. These apply with particular force to the proposals for England..."

IPPR, *A Written Constitution for the United Kingdom*, 1991

Introduction

- 200 It is common ground that Regional Chambers must have a clear and significant core group of functions. Without that they will not attract public support, will not attract the commitment of senior political figures in the regions and will not be effective participants in partnership with other key regional interests.
- 201 However, experience of joint boards and committees shows that there are limits both in practice and in principle to the authority that indirectly elected bodies can exercise: they are more likely to be robust and appropriate to the task when their business is well-defined, practical, and not politically sensitive. The only two of the existing regional associations with a substantial track-record (and with significant resources) are SERPLAN and the North of England Assembly. Even for them, the expansion of function to anything that could reasonably be described as a stage of regional devolution would be great. There are those who argue that it is perverse to set up what would in effect be a joint committee with a wide-ranging and general remit. But there is support for the idea from local government; and for the broad approach of regional co-ordination from the CBI and Association of British Chambers of Commerce.
- 202 This chapter examines the two main roles which have been proposed for Regional Chambers: strategic co-ordination and democratic oversight.

Strategic Co-ordination

- 203 The functions most commonly said to need more effective and politically accountable attention under this heading at regional level are these:
- strategic land-use planning.
 - transport.
 - economic development, including inward investment.
 - co-ordination of regional relations with the EU and its regions, including bids for funding and implementation.
 - providing a voice for the regions.
- 204 Interpreted broadly, this is a coherent group of functions, which would also correspond reasonably closely with the functions of the Government Offices. They are strategic functions, which do not imply large staffs or expenditure. They are also linked: land use and transport planning are a key part of the framework for economic development. Regional Chambers with this set of functions would be well placed to develop a regional overview and strategy and to act as facilitators of regional partnerships - bringing together agencies in the region and functions already performed at regional or perhaps sub-regional level and harnessing them to a common regional agenda and dealing with the Government Offices, for example, in relation to trunk road planning and policy. Some of the functions listed are dependent on promoting the region as a whole - with central government; with European institutions; and with potential inward investors. In addition to specific functions, and in collaboration with others, the Chambers would thus become a voice and negotiator for the regions in a way that the Government Offices cannot.

- 205 The need for a strategic approach, region by region, is widely supported - by representatives of business and commerce as well as by local authority representatives (see Chapter 3).⁵³ It is common ground also that if a strategy is to be useful it must have the backing of democratic representatives in the region; of central government though the Government Office and its various agencies; and of key players in the world outside government. The Association of District Councils, for example, advocates a 'Regional Partnership' to help the development of a regional strategy. Key partners include, as well as business and commerce, those in education, training and voluntary bodies who speak for environmental and other key concerns. Much of this support is the expression of a widespread view that the voice of the region is not heard where it counts - in London and abroad - and that the regions lose out for want of such a voice.
- 206 Specific decisions about responsibility and procedure are required in the fields of bidding for European funding, economic development, transport and strategic land-use planning, and legislative provision (if any) must be designed accordingly. In the case of each function it will be necessary to decide whether such powers are to be taken away from others (e.g. the Secretary of State or existing local authorities) when they are given to Regional Chambers: wasteful duplication should be avoided, but dual responsibility may be justified, or necessary in the case of some functions.

Strategic Land-Use Planning

- 207 At present the Government Regional Offices prepare Regional Planning Guidance (RPG), on something like a five year cycle, for each region after a process of negotiation with representatives of local government (through the Regional Planning Conferences/Associations). The RPG is non-statutory, but nonetheless highly influential. Local planning authorities prepare Structure and Local Plans/Unitary Development Plans taking account of what the RPG says - this process and the preparation of the RPG are currently under review.
- 208 Regional Chambers would as a minimum take on the current role of the regional associations in coordinating local government comment on the RPG. A development of this role would be for the Regional Chambers to assume responsibility for initiating the RPG, not just offering 'advice' on it - the RPG would then be effectively 'owned' by the Chambers. Chambers would still be required to take into account national policies and issues which cross regional boundaries - for example about provision for the (highly controversial) assumed national total of housing demand. To prevent issues falling between different regions' Guidance, some central government intervention would no doubt need to be retained. Possibilities include: substantial central government guidance; requirement for approval by central government; or fall-back powers effectively giving the Secretary of State power to over-ride decisions on national policy grounds. Even under the last option, there would be a significant shift of emphasis from central government to the region.
- 209 The Labour Party's proposals give Regional Chambers the task of: "proposing and agreeing land-use plans for their region", working within the RPG. It would be preferable to enhance the role of local government in preparing the Guidance through the Chamber, as suggested above, leaving actual land-use development plans to local planning authorities as at present. Central government would confine itself to issues of genuine national, and multi-regional significance.

210 If Regional Chambers are to have greater responsibility for the RPG, constituent local authorities are likely to be more concerned about representation and consultation than they are in the context of the current voluntary arrangements. This needs to be taken into account when considering arrangements for representation in the Chambers. Alternative, or complementary, arrangements which might be considered for widening public confidence in Regional Planning Guidance would include:

- co-opting outside bodies such as regional arms of the CBI, TUC, CPRE, Housebuilders' Federation, on to the Chamber, or its sub-committee charged with initiating the RPG.
- instituting a form of Examination in Public for draft RPG as for structure plans, but at an appropriate level of detail, as suggested (for example) by the Association of District Councils.

Transport

211 At present highway authorities prepare a transport plan for their area -Transport Policy and Programme (TPP) - which is used to bid for funding for major projects. The Department of Transport assesses bids and awards Transport Supplementary Grants (TSG) to successful applicants. Some local authorities, and others, believe that the TPP / TSG process needs greater co-ordination at a regional level, giving the example of the work of the West Midlands metropolitan authorities.

212 Linked with the RPG, Regional Chambers could prepare regional Transport Policy and Programme plans. These would provide a framework for the local highway authorities' plans, dealing with regional transport needs and taking a more strategic view of regional priorities and the connection with economic and other forms of development and balancing these against environmental considerations. Active participation of the Highways Agency, and of the Government Offices as clients of the Agency would be required in the preparation of the strategy. As with the rest of the RPG, this would be subject to some form of central government agreement and approval. An RPG reached in this manner would (among other things) provide criteria for judging between competing bids for Transport Supplementary Grants.

213 *A Choice for England* suggests that the Regional Chambers become Passenger Transport Authorities for their region; this is not a proposal which has attracted wide support and would seem to need further exemplification, particularly to distinguish strategic functions from those of service delivery, and to show that this was an appropriate regional, rather than sub-regional function. As with land-use planning, there will be transport issues which cut across regional boundaries and it may be necessary to develop some means of inter-regional co-ordination.

Economic Development

214 A striking aspect of current regional economic development activities is the number and variety of the bodies involved - Government Offices, local authorities, English Partnerships, development companies, UDCs, private and voluntary organisations among them. Education and training bodies are also key contributors to the economic strength of a region (TECs, FE colleges, Universities, education authorities and schools). A central aspect of a Chamber's regional strategy would be to bring together organisations active in regional economic development and involve them in the preparation of a regional economic strategy; or in agreeing a solution to individual strategic issues.

- 215 Regional economic development strategies developed by Chambers would provide a focus for identifying and agreeing economic aims across a region. The strategy would:
- be agreed with the Government Office.
 - actively involve non-governmental bodies in its preparation.
 - guide resource allocation decisions within the region.
 - be an input to Regional Planning Guidance, and Structure and Unitary Development Plans.
 - provide a framework for partnerships between relevant regional organisations.
 - facilitate greater co-ordination and promote smaller projects being brought together as a coherent package.
 - set economic development in a wider context of environmental and other considerations.
 - provide an agreed basis for regional applications for funding from Europe or from central government, and for lobbying activities in relation to public and private sector bodies (the latter including the allocation of resources both to, and within, the region).
- 216 A wide range of bodies would have a legitimate say in preparing and implementing a strategy. Experience in Wales, Scotland and the North East has shown that the involvement of other key regional bodies in addition to local authorities and the Government Offices, notably Chambers of Commerce, the CBI, TECs, trade unions and environmental organisations, as partners in regional economic development strategies is central to their success. Other appropriate partners could be the regional arts and tourism boards. A blueprint is not necessary for all regions: conditions vary, so that, while arts and tourism and sport could be a focus of attention in some regions, they may not be in all.
- 217 As well as being an input, the economic and development strategies would be guided by the RPG and transport work. Though the RPG is likely to be revised on a five year cycle, economic strategies could be rolled forward annually, while taking a middle to long-term forward look.
- 218 One instrument for delivering regional development strategy would be through a body such as a Regional Development Agency (a long-standing Labour Party commitment, though proposed by others too). A Regional Development Agency (RDA), if established, would be a focal point for the region; promoting the region nationally and internationally and acting as a first port of call for those interested in investing in the region. The primary task of an RDA would be to facilitate development by bringing together regional partners, rather than undertaking development itself. Relations with other bodies, notably the Chambers, Government Offices and English Partnerships would be crucial and need to be clarified. Other possible roles for RDAs include:
- ensuring maximum value is gained from investment in the region.
 - identifying manufacturer-supplier relationships.
 - encouraging investment in R&D.
 - fostering links between industry and universities.
- 219 Regional Chambers and RDAs are not necessarily linked developments. If, as is the case with Scottish Enterprise and the Welsh Development Agency, RDAs receive significant levels of central government funding (SRB funds being the obvious candidate), central government may decide to keep them separate from the Chambers and set them up as quangos with lines of accountability back to Westminster, presumably through the Government Offices. If that model is adopted, it will need to acknowledge that:

- economic development will be an integral part of a regional strategy developed by the Chambers.
- setting regional economic development priorities is the purpose of the strategy to be agreed between Chamber and Government: the RDA will be a key instrument in delivering it.
- unless RDAs are locked into regional government structures they will remain peripheral to the day-to-day life of the region.⁵⁴

220 If the RDA is not to be set up as a quango, some other model of accountability for its resources and performance would be required. In either case, clear relations with the Chamber would be needed.

Regional Contracts

221 All of these strategic functions envisage the Regional Chambers playing a facilitating role in initiating consultation between regional partners and agreeing regional strategies which provide a framework for regional activities. So long as the bulk of regional funds come from central government, agreement between the regions and central government will be pivotal. The process of regions producing plans which are agreed with central government has parallels with the practice of French regional planning whereby objectives and projects are agreed between regional and central government in the form of 'regional contracts'; the French model does, however, appear to be more open central control than advocates of devolution in England would find comfortable.⁵⁵

Coordination of Regional Relations with the European Union and its Regions.

222 As discussed in Chapter 6, even with the growth in emphasis on regions within the EU, national governments continue to be the primary decision makers. The issue of European funding is more important in some regions than others;⁵⁶ in some its significance is especially great because it is a major source of new money. Even if the significance of this funding is likely to decrease over the next five to ten years, Regional Chambers could be used to increase the accountability and responsiveness to local stakeholders of applications for European funding and its subsequent use. Regional Chambers could also be instrumental in improving the effectiveness with which money obtained is spent.

223 Regional Chambers would be the natural focus for the preparation of regional bids to Europe, within a similar framework of discussion (involving Government Offices and other partners) to that proposed for the preparation of a regional economic development strategy. Participants might vary in detail as between the European Regional Development Fund, the Social Fund, and any other strategic developments. Formal submission would continue to be made by central government so long as EU rules required that; but the broad approach would be for the Chambers to be given a leading role - stronger than that so far granted grudgingly by Government to local authorities. The Chambers would become the normal instrument for the region's voice in Europe, both with the Commission and with individual regions in the interest of collaborative working.

A Voice for the Region

- 224 The above range of strategic functions would in itself justify regarding a Regional Chamber as the acknowledged 'voice for the region' in its external relations. There are other issues, going beyond the specifics of land use, transport, the economy and Europe, where it would be natural for a Chamber to be the forum for regional debate on key issues of regional significance; and for pressing a regional case. The example of health illustrates the point. Even if a further major reorganisation of the health service is not on the cards, the abolition of Regional Health Authorities leaves a gap: Chambers could be well placed to scrutinise regional health provision, and to lobby on such issues as regional gaps in provision, public health issues, or the location of specialist facilities. A similar approach to education and environmental issues would also be natural.

Democratic Oversight

- 225 In addition to this group of functions a further purpose envisaged for Regional Chambers in *A Choice for England* and supported by the Association of Metropolitan Authorities and other bodies, is the democratic oversight, from a regional perspective, of quangos, agencies and related bodies operating at regional level.

Quangos and Regional Chambers: Relationships

- 226 Quangos and other agencies would not be directly or financially responsible to the Regional Chambers. It is assumed also that existing lines of supervision for these bodies are to Parliament or to central government, by sponsoring departments on behalf of Ministers, by audit, by the Ombudsman or by Select Committees (strengthened as necessary) would continue. These are agreed to be required for political and financial oversight of public money and action taken in the public name and, in the case of many activities undertaken by these agencies, they also provide a valuable comparative picture across regions, which in itself contributes to accountability at national and regional level. Scrutiny at regional level would supplement these other instruments, not replace them. Chapter 6 offers an initial discussion of quangos and the accountability issues to which they give rise. It also suggests how the instructions given to the main individual bodies might be examined and revised to take account of regional needs.
- 227 A number of measures to improve accountability in the regions is also to be expected by the time that Chambers come into being, in line with the recommendations of the Nolan Committee on Standards in Public Life. These include:
- appointment by the relevant Minister of a member, or members, with a specifically regional perspective to the national Board of agencies.
 - rights of nomination by Chambers to regional boards of national agencies (where these are established) or to regional consumer or advisory committees though experience has shown the limitations of this in isolation.
 - requiring registers of agency board members and of their senior regional officials and how to contact them. In order to make them accessible, it would probably be necessary to make the information available at town halls or public libraries.
 - agencies with a regional structure to produce a public report, annually, for each region.

- 228 The arrangements made for each agency, which need not be slavishly uniform, should take account of the nature of the function it fulfills, and its relationship with other bodies and with the Government Office. While the review at national level should consider the case for boundary adjustment, it is not essential for the best conduct of business that all boundaries coincide: the Environment Agency is an example where different boundaries may well be justified by physical factors.

Scrutiny or Partnership?

- 229 The new directions, following review, proposed in Chapter 6 for quangos and other agencies, together with those proposed by the Nolan Committee, would significantly alter relationships between the quangos and other bodies and elected representatives in the regions. Two main models for the responsibilities of Chambers in relation to quangos have been advanced: scrutiny and partnership.

Scrutiny

- 230 Under this proposal, sketched in *A Choice for England*, the Regional Chamber would have the function of scrutinising non-elected bodies in the regions. This could take a variety of forms: unqualified, it would imply a wide-ranging and large task of monitoring and analysis, given the complexity and resources of the major quangos and other agencies; it could involve detailed public hearings. Clarification would be needed of the extent to which the Chamber would have sanctions: unless specifically provided these would presumably depend on action by the relevant Minister, following a report from the Chamber. Professor Gerry Stoker has suggested a model under which the scrutiny task would be allotted to a second house of the Regional Chamber, supporting a first house composed of local authority leaders whose primary task would be strategic policy in conjunction with the Government Office; this and other options deserve more detailed study.
- 231 There are less comprehensive versions of a scrutiny role, drawing on experience of some local authorities (Kirklees have been a pioneer), which would be both less adversarial and less onerous for Regional Chambers, designed to have a strategic purpose and to be tightly staffed and structured. This would concentrate on providing a forum for the public airing of major issues of concern about particular bodies. Public hearings, with an opportunity for the bodies to give an account of themselves in a open forum, could be part of the process. Sheffield City Council have recently held a hearing about the performance of Yorkshire Water, with the willing co-operation of the company. The technique could be applied not only to quangos and similar bodies, but to health providers, universities or again to privatised utilities when issues of regional significance were at stake. A rolling programme of such 'Forums' could take a variety of forms.

Partnership

- 232 Those quangos and other agencies which survive the initial review process proposed above would, by definition, have a key regional role. They would therefore be important participants in the preparation of the regional strategies which are proposed above as being agreed by the Government Office with the Regional Chambers and others in the region. No doubt that is why the Association of District Councils, in their submission on *A Choice for England*, have laid their emphasis on partnership rather than scrutiny as the basis for influencing these agencies: it is obvious enough that heavy-handed monitoring and oversight by Regional Chambers would be difficult to combine with active and willing collaboration in taking forward a regional strategy.

Local Quangos

- 233 This report does not deal with the very large number of quangos, notably in health and education, which are of a primarily local character, and about which much of the liveliest debate has been conducted. Radical decisions would need to unpick the current structures if it were proposed to return functions to traditional modes of democratic control through local authorities.

Relations with Other Tiers of Government

Local Government

- 234 Some of the discussion about Regional Chambers has suggested that they would be based on the developing Regional Associations of local authorities. No doubt that would be appropriate as a first step if what was proposed took the form of continued voluntary arrangements; and in any case the work of the Associations would be a valuable contribution to the formation of new bodies. If, however, the Chambers were to be established on a statutory basis, the bodies would be based on local authorities themselves as the principals.

Central Government

- 235 It is clear that an indirectly elected body would not be suitable to be accountable for the functions of the Government's Regional Offices. A central part of those functions is the allocation of resources within the region: these could not be made the responsibility of a regional body without the independence and authority deriving from direct election. It would be an important purpose of establishing Chambers to inject a stronger territorial dimension into central government thinking.

Decisions Required

- 236 Even without legislation, a credible national pattern of Regional Chambers would need a number of decisions by Government on the following issues.

Boundaries

- 237 Setting the boundaries for regional government in England is by no means straightforward. Professor Brian Hogwood's recent research *Regional Boundaries, Regional Co-ordination and Regional Government*⁵⁷ identifies nearly a hundred regional structures of public administration in England ranging from the six regional crime squads (covering England and Wales) to the nine Bee Health Inspection Regions of the Ministry of Agriculture in England. These regional structures are of great diversity, corresponding to the nature of the function they are designed to deliver. The most homogeneous regions, in the sense that a majority of the various regional boundaries coincide, are Scotland and the West Midlands. Some structures recognise the border between England and Wales, others do not. The greatest diversity of structures is in the South East.

- 238 Given this diversity, there are essentially two options for setting the boundaries of regional government: to take an existing set of boundaries from amongst those already established; or to devise a new set, tailor-made to fit the functions the regional government structure is intended to deliver. Professor Hogwood suggests criteria which might be taken into account in the latter approach. These make clear that there are at least two substantial problems in devising new tailor-made boundaries. First, the weight of the various criteria will differ from region to region and function to function (regional identity might argue for a Cornish region, management of the water supply might suggest a different regional division in the South West based on river basins). Second, it requires clear knowledge of the functions the regional structure will perform right from the start. The only certainty is that devising a new set of boundaries would be time consuming and controversial.
- 239 Hence the strong case for adopting an existing set of boundaries and adapting them for regional government, accepting the need to make progress as a reasonable price to pay for some lack of coherence. The boundaries of the Government Offices follow fairly closely the English 'standard' region boundaries which have endured, at least for statistical purposes, since the war. These also correspond well with the boundaries of the English Regional Associations, with the exceptions - few but significant - discussed below (see Map 1).
- 240 It is no surprise then that the Labour Party's policy document *A Choice for England* proposes the Government Office boundaries for its Regional Chambers. The Royal Commission on the Constitution came to a similar conclusion in 1973, opting for the standard regional boundaries of the day on the grounds that they: "not only provided areas of suitable size for the functions of provincial councils, but also roughly reflected such sense of regional identity as existed in various parts of England". The Royal Commission noted that there might still be room for improvement at the margins, notably in the position of Cumbria and the size of the South East region, but made no firm recommendations.
- 241 These are a few cases which would need to be decided individually:
- Cumbria is in the North West Government Office area, but belongs to the associations for both North West and Northern regions.
 - Merseyside has a separate regional office of its own. It is clearly part of the North West region economically, but as a result of local political pressure it has survived a number of attempts since its original establishment in 1981 as the Merseyside Task Force area, to abolish it. Logic may suggest abolition; but its survival would not offend the principle put forward by the Association of District Councils, that more than one Government Office could comfortably rest within a single Chamber area.
 - South West where the Government has established a sub-office for Devon and Cornwall.
 - South East where SERPLAN covers the area of the Government Office - SE region, part of the Eastern region, and London.
- 242 Absolute acceptance of the position that preference should be given to local authority Regional Association boundaries rather than to Government Office areas does not seem helpful. The cases of Merseyside, Cumbria and the South West raise different issues and a decision should be made on local grounds in each case following a short period of consultation. Boundaries for the South East, where the issues are most complex, are considered in Chapter 11. It would be important also to allow for the possibility of revision, perhaps including sub-division, to meet geographical economic and strategic reality, especially in the South East, if Regional Chambers are to persist indefinitely. The possibility should also be left open for a different pattern of regions for the Assembly stage if that were to come about if it were the democratic wish.

Map 1



- 243 It is possible that the adoption of such a set of boundaries for Regional Chambers would point up the need for a review of the boundaries of other public services; but regional government does not require absolute uniformity of boundaries of all organisations.

Representation

- 244 Membership of the Chambers should provide a sense of regional ownership of the Chambers, ensuring the representation of sub-regional interests, of different types of local authority and reflecting the political balance of the region. A decision is also required on how to provide for the representation of non-elected members in recognition of the need for Chambers to work with partners in the business and voluntary sectors, as local authorities have increasingly done in recent years. Key issues to be resolved are considered in turn below.

Automatic Rights of Representation for All Local Authorities in a Region

- 245 Having a Chamber Member from each constituent local authority would serve various purposes:
- help ensure the support for (or least sense of ownership of) the Chamber from all local authorities in a region.
 - assist the co-ordinating role of Chambers.
 - ensure sub-regional interests were represented.
 - ensure representation of all types of local authority.

- 246 However, this approach could create Chambers which were too large to be manageable (e.g. there are 143 local authorities in the existing SERPLAN): a member for each local authority would also raise issues of whether the different sizes and types of authorities' votes should be weighted. A development which may help is the regional electoral colleges which will be required by the single Local Government Association; this is being adopted as the pattern for the existing Yorkshire and Humberside Regional Assembly. But the decision could be left to the local authorities in each region, even if it were decided that legislation should specify the numbers of members for each Regional Chamber.

Composition to Reflect the Political Balance of the Region

- 247 Domination of a Regional Chamber by a single party could make it difficult to engage the support of local authorities under the control of the party in a minority in the region, and perhaps of outside interests. Whether (and how) to make provision for minority party representation therefore also requires consideration. Options include: setting a minimum level of representation, having more than one member from each authority reflecting political balance, or setting a regional threshold number of local authority members above which representation would be given. Reflecting the political balance of the region's local authorities may prove particularly difficult where local authorities are under no overall control. In such a situation there is likely to be pressure for authorities to be represented by more than one member to reflect their internal political balance (again possibly leading to Chambers of an unmanageable size).

Co-option of Members other than Local Authority Nominees

- 248 There is some consensus that to be successful, particularly in the field of economic development, the Regional Chambers need to involve other regional partners. For this involvement to be meaningful a substantive interface must be established. One mechanism for achieving this would be to co-opt representatives of business, trade unions, universities, and voluntary bodies onto either the Chamber

itself or a sub-committee. An alternative means would be to establish a linked body, perhaps building on the example set in the West Midlands.

- 249 Co-option requires a balanced assessment of the regional interests and bodies which should be represented. The CPRE, for example, is concerned that the proposals for co-option in *A Choice for England*: "are likely to be unbalanced and favour economic interests over less well-resourced groups who will be at a disadvantage in seeking to influence regional policy priorities".⁵⁸ An upper limit of co-opted members by number or proportion in order to ensure democratic control of the Chamber may also be necessary.

Finance

- 250 Regional Chambers would have a limited range of strategic functions; but would need to spend some money and would have to finance that expenditure. It may not be possible to guarantee that no extra public expenditure is involved, as *A Choice for England* suggests. If Chambers are not established by statute, expenditure would be financed by local authority subscription as the regional associations are now. *A Choice for England*, by its silence, appears to assume that legislation is not required. But any legislation to establish Chambers, if required, would need to specify how that expenditure should be financed. The main options are central government grants or locally-raised finance.

Central Government Grants

- 251 It would be possible to meet all the costs of Chambers by way of specific grants. If this is what Ministers intend then legislation would need to provide for 100% grant aid for some or all functions.

Locally-raised Finance

- 252 There are two main options for raising finance locally:
- a levy on the local authorities in the area.
 - a precept on the billing authorities in the area (i.e. London boroughs, metropolitan districts, shire districts and unitary authorities).
- 253 The introduction of a levy to fund Regional Chambers is likely to be opposed by local authorities. This is because, assuming that the spending of local authorities is still limited in some way, they would not individually be able to control the size of the levy, although it would count as their own expenditure for 'capping' purposes. The introduction of precepting powers for Regional Chambers would be less likely to attract opposition because the size of the precept would be the responsibility of the Regional Chambers and clearly visible on Council Tax bills. If the Regional Chambers were to precept on billing authorities they should be subject to the same rules on expenditure limitation as the existing local authorities. This would require legislation to include the Regional Chambers on the list of precepting authorities. It would then follow that the Regional Chambers would have to follow the same budget procedures and be subject to the same rules on expenditure limitation as other precepting bodies.

Audit

- 254 If Regional Chambers were to precept on local authorities they would be subject to the same external audit arrangements as local authorities i.e. with auditors appointed by the Audit Commission.⁵⁹

Conclusion

- 255 At the heart of a coherent package of functions for a Regional Chamber would be responsibility for initiating and co-ordinating consultation on Regional Planning Guidance linked with a strategic transport plan for the regions and a regional economic development strategy. Regional Chambers would also be well placed to co-ordinate bids for EU funds and monitor their use. There are also other issues, going beyond the specifics of land use, transport, the economy and Europe, where it would be natural for a Chamber to be the forum for regional debate on key issues of regional significance; and for pressing a regional case, for example on health and other issues beyond its direct control.
- 256 A further function proposed for Chambers is the democratic oversight, from a regional perspective, of quangos, agencies and related bodies operating at regional level. There is an inherent difficulty in proposing that the Chambers should act in partnership with regional quangos and other agencies, while at the same time scrutinising them and possibly invoking sanctions of some sort as a consequence. Partnership would be easier to secure with a collaborative version of the scrutiny role, than one that is aggressive.
- 257 In order to make any sort of start on establishing Regional Chambers, a credible national pattern of Chambers would need a number of decisions by Government on the following issues:
- boundaries.
 - representation.
 - finance.
 - audit.

Chapter 10

Regional Chambers: Is Legislation Required?

"...the understandings of politics are sometimes at least
obeyed as vigorously as the commands of law."

A.V. Dicey, Introduction to the Study of the Law of the Constitution, 1885

Introduction

- 258 Regional government legislation will have to compete with other Government measures for inclusion in a legislative programme. Waiting for a legislative slot may therefore delay progress and make moving towards Regional Chambers without legislation a more attractive option, both politically and practically.

A White Paper

- 259 Can Chambers that are effective in terms of the basic objectives proposed in Chapter 8 be established without at least some legislative provision? The Labour Party policy paper, *A Choice for England*, appears to assume that the Chambers would continue to depend on voluntary subscriptions, and they would be given the backing of Ministerial directions to quangos and Next Steps agencies setting out arrangements for co-operation with the Chambers. Such an approach would require the willing, and indeed enthusiastic, support of a number of key central Government departments and their agencies. It would be most effectively expressed in the traditional form of a White Paper, whose key features would include:
- announcing the intention to establish Chambers for every region of England.
 - identifying the main immediate areas of activity for the Chambers - certainly strategic land use and transport planning; economic development; European co-ordination; providing a voice for the region.
 - announcing whether the chambers were to have any executive functions - for example in the fields of arts, leisure and tourism; and the extent to which this depended on legislation.
 - acknowledging in advance of legislation that this phase depended on voluntary collaboration, with its virtue of flexibility and encouraging the promotion of information exchange and co-ordination of bids for outside resources.
 - announcing the intention to revise the directions given to the key quangos and other bodies in the regions, with a timescale.
 - setting out the lines proposed for a relationship between the Chambers and Government Offices, quangos and agencies; some of these based on jointly produced 'Charters' between Chambers and strategically selected regional quangos and agencies.
 - describing the responsibility for Chambers to provide a means of democratic answerability for quangos and agencies.
 - declaring the intention of central Government to participate in the preparation of a strategic plan for the region, to be agreed and rolled forward annually between Government Offices and Chambers; closely linked with this is the aim of getting more of an English territorial dimension into central government thinking.
 - accepting that, as a result of the lack of a statutory framework at this stage, there could well be differences between regions.
 - proposing a pattern of areas.
 - making a statement about legislation. This might take one of three forms:
 - announcing an intention to legislate for Chambers (with legislation on Assemblies to introduced at a future point, possibly with an indication of the timescale).
 - announcing an intention to legislate for both Chambers and Assemblies, including provisions for the move from one to the other.
 - declaring no present plans to legislate.

260 With encouragement in a White Paper on these lines, Regional Chambers could make a start without legislation, even a substantial start. However, even leaving aside the legitimacy and authority which legislation would give to Chambers, there would be significant limitations on what Chambers could achieve without a statutory basis. In particular, without legislation:

- it cannot be assumed that Regional Chambers of the kind envisaged will emerge in every region.
- very different patterns could emerge for composition, voting rules, funding and powers (which would be difficult to translate into legislation at a later date).
- funding could be inadequate even for slim-line strategic functions.
- powers of economic development and co-ordination and powers in relation to land-use planning and transport would be limited to those within the powers of the constituent authorities on which they could agree to act together.
- Government could require regional offices, quangos and other bodies to consult and take account of the views of the Regional Chambers; but it is unclear what weight Government would be obliged to give to the Chambers' views.

261 It is therefore possible that (even with a White Paper) legislative backing would be needed if the new bodies were to be much further forward than the present voluntary associations of local authorities. They would lack the authority which legislative establishment provides; funding would depend on voluntary agreement; the extent of their activities, which must derive from their constituent local authorities' powers, could be disputed; beyond that, to establish bodies that did not have a clear and effective function, while claiming that they represented a significant step in the direction of regional devolution, would not be useful in itself; nor would it be a test of the benefits of devolution on a more substantial scale. It would be very likely to cause disillusion. There is therefore substantial advantage in giving legislative backing to Chambers even if there is no firm decision about how and when directly elected Assemblies would be introduced.

Legislative Provision

262 If there were to be legislation its scope would depend on the choice between the options of rapid and staged transition, set out in paragraph 000 of chapter 9. The staged transition would require only the minimum legislative framework to give bodies authority effectively to fulfil the objectives set for Regional Chambers, and in certain respects to pave the way for the further legislation which would be needed in due course to permit (or require) the establishment of elected Regional Assemblies.

263 Legislation providing for the creation of Regional Chambers would cover:

- **boundaries:** a Chamber to be established for each Government Office region, possibly with the exception of the South East and East Anglia, which is discussed in the next chapter; of the North West where Merseyside has a separate Government Office and Cumbria should be given a choice; and in the South West.
- **role and functions:** the Chamber's purpose stated to be regional strategic co-ordination of defined functions

- **membership:** given the different sizes of regions, a different number of members would be required for each region. A Schedule could set numbers (related to population) and provide that the local authorities in the region were to produce a scheme for membership, using electoral colleges where necessary by a set date, failing which the Secretary of State would establish one. Provision for securing minority party representation and for co-option of non-local government representatives could also be included.
- **funding mechanism:** any legislation for Chambers should specify how their revenue expenditure, however small, should be financed. It would be possible for central government to meet all of the costs of the Chambers by way of specific grants. However, the more likely options are: a levy on the local authorities in the area; or a precept on the billing authorities in the area (i.e. London boroughs, metropolitan districts, shire districts and unitary authorities). Of these two options, a precept is to be preferred.
- **duties related to consideration of a further stage of devolution:** for example, on the Labour Party proposal for a resolution by the Chamber in favour of going on to the Assembly stage, a duty to consider the issue not later than X years time.

Conclusion

- 264 A start could be made in establishing Regional Chambers on the basis of a White Paper. However, there would be significant limitations on what Chambers could achieve without a statutory basis, and it is possible that the new bodies would not be much further forward than the present voluntary associations of local authorities. There is therefore substantial advantage in giving legislative backing to Regional Chambers whether or not there is a firm decision about how and when directly elected Regional Assemblies would be introduced. Such legislation need not be overly complicated, but would give Regional Chambers significantly increased legitimacy and authority.

Chapter 11

London and the South East

"...no system of London government has yet been capable of providing a robust and long-lasting solution. It is possible that such a thing does not exist."

Travers, Jones, Hebbert and Burnham, *The Government of London*, 1991

Introduction

- 265 The pattern of areas for Regional Chambers in the South East is the most difficult to settle. This is so for two related reasons. First, the South East is, in economic and geographical terms essentially the London region. However defined at the margins, it is very large: the present pattern of Government offices deals with this by splitting the region into two for administrative purposes (taking in East Anglia as part of the Eastern Region), with London itself as a third entity; this is widely recognised as arbitrary. Second, what to do about London itself. There is a commitment by the Labour Party to early legislation for a strategic authority for London. It appears, however, that this is conceived as a metropolitan authority and not as part of the pattern of a regional level of government.

Defining the South East Region

- 266 The working assumption adopted here, for the purpose of discussing regional government in England, is that the area for which a London-wide and directly elected 'strategic' authority will be established is that of the former GLC. We have not considered it part of our remit to deal with the substance of proposals for change in London government. A large, though not exhaustive, list of possible patterns of change is set out in *The Government of London*.⁶⁰
- 267 Even assuming an authority that is 'strategic' only, many of the functions most likely to be allocated to this directly-elected authority will be similar, at least in subject matter, to the functions of the Regional Chambers proposed for the rest of England: land-use planning, transport and economic development and providing a voice for the capital prominent among them. People - including the electorate - may be confused about the distinction between an authority for London and the regional pattern proposed for the rest of the country. London's population will be as large as that of the largest region elsewhere in the country. Whatever the area and precise functions adopted, for certain of the strategic purposes, London is not self-contained and will continue to need planning, decision making, and the implementation of decisions, in conjunction with the wider South East. As The Royal Town Planning Institute note: "A major problem may arise however in trying to plan the South East and Eastern regions without London being in these areas. This is especially important given the unique travel and community patterns arising from London area."⁶¹

Strategic Land-Use Planning

- 268 The case of strategic land-use planning illustrates the point clearly: the most recent revision of household projections for the UK for the year 2016 have been described as the most serious challenge to planning policy since the population explosion of 1955-65 (an implied increase in England of 4.4 million over previous projections). Details of the figures, including the assumptions on which they are based, are still the subject of controversy. But it is certain that a high proportion (and thus a very large volume) of any increase will have to be accommodated in the wider South East region, or just outside. John Gummer as Secretary of State for the Environment, has said that the Government's aim is that half of the increase should be accommodated on: "brown field sites in urban areas". That has been welcomed - up to a point - by campaigning organisation such as the Council for the Protection of Rural England and by

rural counties, though they regard the 50% target as not particularly challenging. But others - for example Professor Peter Hall - take a different view, doubting the feasibility of accommodating the implied additional 800,000 householders in Greater London. Even if that is achieved, the process of accommodating the remainder will be a subject of acute controversy - as the experience of planning for smaller increases in the 1980s and 1990s shows.

269 This report takes no view on the substance of this key planning issue. But, whatever the pattern of Regional Chambers or Assemblies, central government decisions about the national distribution of target household figures and means of achieving them will be unavoidable. Even then the issues within regions will still be acute. Apart from the basic allocations of land, the implications of distributing this increase in housing for transport and other key services will in many places be painful and difficult. A pattern of regional devolution that serves best to meet this key functional need is highly desirable. It could be argued that no definition of a South East region could be wholly self-contained: the pressures at the edge will spill into (at least) Dorset, Northamptonshire, and East Anglia. But taken on its own, the nature of this issue and its strategic (and political) importance, point to the establishment of a forum for resolving it that covers the South East as an entity - as SERPLAN does.

270 However, there are considerations that point to a different solution, mainly to do with the size of the region, in population and number of local authorities, and the manageability and coherence of an appointed (or even an elected) authority to deal with that. In either case, there are decisions to be made about the handling and representation of London itself.

Size

271 SERPLAN, which takes in twelve counties and the London area, has a population of 17.7 million - 36.6% of the population of England. In Germany and France the largest Land and region, respectively, have about 20% of national population; but mere size need not be decisive. In practical terms, however, there is an issue about representation, more particularly at the stage of the indirectly elected Chamber: including London there are currently 143 local authorities in the SERPLAN area. SERPLAN has 36 representatives for the 12 counties; 12 for the 98 districts and 16 for the 33 London authorities. That may be satisfactory for a body focused on planning at the regional level (though district councils would dissent): the main issues are those where regional planning relates to structure and unitary development plans which are the responsibilities of counties and London boroughs. A very different pattern of representation would be justified by the wider remit of a Regional Chamber. No doubt an acceptable pattern could be negotiated, but the implied size of the Chamber (especially if it is to include non-local authority representatives) is part of the reason why some argue that a region on these lines is too big to be practical. The sheer size of the South East is also part of the historical reason for splitting the wider regions arbitrarily between two Government Offices, in addition to London.

Options Available to the South East

272 Any pattern of Regional Chambers in the South East has to balance the need to think in terms of the whole South East on issues such as transport, employment and housing, against considerations that point to a different solution, mainly to do with the size of the region, in population and number of local authorities, and the manageability and coherence of an

appointed (or even an elected) authority to deal with that. In either case, there are decisions to be made about the handling and representation of London itself.

- 273 In establishing a pattern of Regional Chambers in the South East there is essentially a choice between three options.

Option 1 a Chamber (on the model proposed for the rest of England) for the SERPLAN region. This would imply another for the East Anglian counties of Norfolk, Suffolk and Cambridgeshire, on the grounds that the latter form a coherent region in itself.

Option 2 staying with the pattern of Government Offices. Minor adjustments would be possible, and should not be ruled out if there were strong local demand, for example by moving a county across Government regional boundaries.

Option 3 establish a new pattern, possibly with Chambers in each of the Rest of South East (ROSE) 'petals' and London or a East-West split of the ROSE area.

On any option, for certain important purposes, including those at present served by SERPLAN, it would still be necessary to have some joint machinery to provide a forum for resolution of pan-South East issues.

- 274 There is a case on grounds of expediency and the avoidance of immediate argument for choosing some existing boundaries for Regional Chambers (Options 1 or 2). In the interest of getting on with things, the pattern for Regional Chambers could be based either on SERPLAN or on the existing pattern of Government Offices. It is, however, possible, that early agreement could be reached on a pattern such as that at Option 3. If, for the elected Assembly stage, the chosen pattern proved unacceptable or unworkable or if weight is to be given to local sentiment and the possibility of smaller regions, then a quite different pattern might be arrived at.

London

- 275 The assumption in Option 1 is that the new London authority is intended as a strategic second tier of local government, not as part of a proposed pattern of Regional Chambers. Direct representation would be provided for London on the South East Chamber (by either the new London body or the Boroughs or both).
- 276 A South East Regional Chamber or Chambers under Options 2 or 3 would have functions that could not simply leave London as a hole in the middle - the issues of housing land allocation and the principles underlying it; of transport strategy and implementation; and of a common South East approach to European issues are examples. This arrangement would involve treating the new London authority as, in effect, a Chamber in its own right (and making any necessary legislative provision to secure this); and additionally setting up (*ad hoc*) joint machinery linking the South East Chambers for certain strategic regional purposes.

Conclusion

- 277 Whatever arrangement is made between the rest of the SE and London, there is likely to be tension between London's desire to establish itself and operate as a strategic authority (almost certainly with more extensive powers than the Regional Chambers will have) and the need to work on a South East-wide basis. A general consideration is that the more issues that are left to be settled between different locally representative bodies (Regional Chambers or the new London authority) through joint machinery, the more scope, and indeed necessity, there will be for continued Government responsibility for decisions.

Chapter 12

Directly Elected Regional Assemblies

"If assemblies were to be established in Scotland and Wales and this later led to a demand for similar assemblies in some or all of the English regions, that would be the time to consider establishing them. But, that, in the view of the majority of us, is not so likely a consequence that it ought to be anticipated by laying down a uniform system of government from the outset."

Report of the Royal Commission on the Constitution, 1969-1973, Cmnd 5460

Introduction

- 278** Directly elected Regional Assemblies are a very different proposition from Regional Chambers. It is at this stage that significant devolution of central government functions becomes feasible. Direct election of a regional body would produce lines of decision making and accountability that would make possible the exercise of executive powers at a regional level. At the same time, without clear definition of such powers, it is doubtful whether the transition from indirectly elected Regional Chambers to directly elected Regional Assemblies would be justified or would command enough support from the electorate in the regions. A directly elected Assembly would have the legitimacy, authority and greater visibility of a democratically elected body; and its members are more likely to take a regional perspective than a local view.
- 279** The significance of creating directly elected regional Assemblies is emphasised by the height of the hurdles proposed by the Labour Party in *A Choice for England*: parliamentary approval including a referendum and a generally unitary pattern of local government; and by the six year transition period envisaged by the Liberal Democrats before the introduction of elected regional bodies (where there is demand).
- 280** The importance of the step is illustrated also by the division of views between local authority representative bodies: in commenting on *A Choice for England*, the Association of Metropolitan Authorities treated Chambers as merely a step on the road to directly elected Assemblies. The Association of District Councils, by contrast, expressed strong reservations about the proposals, pointing to the lack of clarity about the functions, the policy objectives, and the effect on local government. The Labour Group of the Association of County Councils did not oppose the principle of elected Assemblies, but agreed with the need for evidence of popular demand in the light of experience of the Regional Chambers. No doubt the new Local Government Association will form a collective view in due course.
- 281** These differences of view reflect the relative lack of public discussion about the case for democratic regional government in England - by comparison with Scotland and Wales, the debate is at an early stage, and the discussion in this chapter is accordingly more speculative. But the differences also reflect fundamental questions about the functions of elected Regional Assemblies in relation to central and local government. The first question is how far the Regional Assemblies will take on the role of the Government Offices, even with their present group of functions. It is only to be expected that the central government functions most appropriate to devolution to regional level should be those already closest to the ground. As Professor John Stewart has pointed out, the functions of the Government Offices, and of a number of other regional bodies, are less the direct provision of services than: "resource allocation or grant provision to, and the exercise of controls over, local authorities and other agencies" - such as decisions on the Single Regeneration Budget.⁶² For central government to cede this to regional Assemblies would be a significant start - though only a start - on the road to decentralisation of power. It would be decentralisation to a body with democratic credentials, no longer controlled by local government.
- 282** At the same time, it is impossible to avoid the conclusion that the functions of directly elected Regional Assemblies must assume some of the strategic functions, in the land use, transport, economic development and environmental fields which the Regional Chambers, as the collective voice of local government in the regions, would have at the first stage. The question of the

'voice for the regions' is more complex: it is not a formal function to be allocated by legislation: directly elected Assemblies and local authorities would have competing claims to speak for the region.

- 283 Directly elected Regional Assemblies will thus require basic decisions about their role and functions, crucially about which central government functions are to be transferred to the Assemblies, before the necessary legislation is framed, and about the respective roles of the Assemblies and local government in the regions: Assemblies will at any stage of development need to work closely with local government in the region. The voice of local government in the decision to move to Assemblies is not the only one to be heard, but it is among the most important. The debate in England may have been limited so far; but the introduction of real proposals for devolution in Scotland and Wales, and the light that throws on the allocation of national resources will certainly lift the level of political and public interest, with consequences that are unpredictable but may be very great.

What Will Regional Assemblies Do?

- 284 A basic decision will be the extent to which central government is prepared to give up powers - currently mainly exercised through the Government Offices and by quangos - to a regional tier. It is possible to conceive directly elected bodies merely to take on the functions of Regional Chambers, but this seems of doubtful value: it would involve considerable time and energy to get there (i.e. legislation, regional referendums and election of Assembly Members). It is even possible that there would be a net loss because, unlike Chambers, Regional Assemblies would not by their composition provide a forum for local government co-operation. Transfer of significant functions from central government will also have implications for the organisation of central government, at least in the longer run.
- 285 There is a number of possible models for Regional Assemblies, involving different degrees of decentralisation and further public debate is clearly needed before decisions are made. If transition is staged, with a significant life intended for the Chamber stage, there is much less urgency about the decisions and more time for discussion; however, if rapid transition is intended the White Paper proposed in Chapter 10 would have as a central purpose consultation on the extent of the powers to be given to Regional Assemblies. Two possible points along the path, labeled 'minimalist' and 'advanced' are illustrated; the first going only a modest way beyond the powers of Chambers.

Minimalist

- the strategic responsibilities of Chambers:
 - strategic land-use planning.
 - transport.
 - economic development.
 - co-ordination of European funding bids.
- the voice of the region.
- a statutory right of consultation on strategic or business plans for the Regional Development Agencies.
- similar responsibilities for other key bodies (which would need to be given clear regional structures and budgets). For example:
 - regional arts associations.
 - sports councils.
 - health authorities.
 - regional arms of Highways and other key Next Steps Agencies.
 - English Partnerships.
- consumer consultative arrangements for public utilities.
- statutory right of consultation by Government on defined issues.

286 It is however doubtful whether a group of functions thus defined would be of sufficient weight to justify the establishment of directly elected Regional Assemblies, or to be likely to command continued public support. At the same time, there is no evidence of support in the English regions for a set of powers for Regional Assemblies that provide anything approaching the powers proposed for a Scottish Parliament, which might be taken as the maximalist case and which is assumed not to be on the cards, at least for the present. But a development of the above model could be as in the following, again illustrative:

Advanced

- as for minimalist model.
- assuming the functions of Government Offices in some or all of the following fields:
 - education and training.
 - industry.
 - urban regeneration (including allocating SRB).
 - environment and transport.
- responsibility for agencies, or regional arms of agencies, in above fields:
 - approval of strategic plan.
 - Assembly being 'client' for the agency.
 - appointment of all board members in the regions.
 - formal transfer of some or all functions in the regions.
- determining the allocation within the region of an allocated block of Lottery funding.
- a block of expenditure allocated by Government to cover the above, with virement permitted.

287 A model on these lines draws on the Association of Metropolitan Authorities' submission to the Labour Party. It goes less far than the North of England Assembly have advanced⁶³; it may go further than the AMA appear to go in including resource allocation to local authorities, although that is supported by the North of England Assembly. A senior local government figure has argued that giving the Assembly the function of allocating resources to local government would

turn it into a "bear-pit" of competing interests. But if the Assembly is not to have this function, it needs to have devolved to it enough of the other powers of government in the region to make it credible.

- 288 The answer might be to start with the SRB if the Regional Assembly is to have any resource allocation function. But even the idea of a block of expenditure - in the SRB funds - would raise important issues of principle and practice which need further detailed working through. Various further stages could follow, but these become increasingly speculative. It is possible to envisage further major stages on the road to regional government: for example, there would be a major distinction between distributing the SRB and assuming responsibility for revenue support grant. Either could be a sticking point in the response of local authorities; but distributing the revenue support grant would be a much more significant change, with more profound effects on central government. At the stages illustrated it is assumed that Regional Assemblies will not have even secondary legislative powers. But in the long term, if the general scope of their functions increased, it is likely that they would need such powers, as equivalent regional bodies in Germany, Spain and Italy amongst others.

Finance

Method of Funding

- 289 The method of funding Regional Assemblies needs to be appropriate in light of their functions - it would be just as ludicrous to attempt to fund a body with expensive functions such as the purchasing of health services by, say, a tax on the consumption of beverages as it would be to give a body with few expensive functions the freedom to levy its own income tax (income taxes are difficult to fine tune). This discussion deals with a range of possible levels of devolution. There are various feasible sources of finance for Regional Assemblies, principally:
- a block grant from central government.
 - a regional tax.
 - a precept.
 - a levy on local government.
 - a combination of these.

Revenue Expenditure

Block Grant

- 290 There would need to be a mechanism for determining the level of block grant for each region, even if it was proposed to establish an Assembly in only one region. The simplest way of doing this would be to bring together existing spending on functions to be transferred to the region. However, a regional block grant would make regional spending levels more transparent and once comparisons are made with Scotland and Wales - as inevitably they will be - the basis on which this distribution is made is likely to be questioned. This could produce demands for an assessment of aggregated regional spending needs (and a regional 'Barnett formula'). A regional spending assessment would be a formidable task - unlikely in the short to medium term, but possibly prompted by Scottish developments. The Constitution Unit's report *Scotland's Parliament* suggests that if the Barnett formula does come under pressure, or if a wider needs

assessment is required, it should be conducted by an independent commission, whose recommendations would be subject to parliamentary approval.

- 291 If Regional Assemblies were wholly funded by central government grants this would undermine their independence and raise questions about their accountability - would they be accountable to Government, which provides their funding, or to their electorate? A separate local tax for the Regional Assemblies would ensure that they could be held accountable at regional level for their spending decision. The main possibilities are a regional income tax, sales tax or precept.

Income Tax

- 292 It would be possible to allow regions to set their own income tax rates and in theory such a tax could generate substantial revenues. Belgian and Spanish regions have the option to add a surcharge on national levels of income tax - see Chapter 7 - and the Scottish Constitutional Convention has proposed that a Scottish Parliament should have power to vary the rate of income tax. However, experience in Belgium and Spain has been that the option to vary national rates of income tax has proved difficult to exercise in practice because of its high visibility to voters. Perhaps for this reason there has been a marked shift from direct to indirect taxation in the UK in recent years, as there has been in other countries.
- 293 High visibility was one of the factors supporting a recent Institute for Fiscal Studies report, *Financing Regional Government in Britain* which concluded that a regional income tax would be the best form of regional taxation.⁶⁴ The report said: "it is least likely to lead to major locational distortions (especially if the regional power to vary tax rates is confined to the basic rate), and because it is more transparent in its burden and incidence than either a regional sales tax or regional business rate would be, and hence might better promote accountability". It should be noted however that this recommendation was made in respect of democratic regional bodies with considerable autonomy and the power to determine the level and pattern of public services - a stage beyond that of the 'advanced' model above.

Sales Tax

- 294 Sales taxes are capable of funding big, expensive services. *The Financial Statement and Budget Report 1996-7* (the Red Book) shows that Value Added Tax is the second biggest single source of revenue after income tax and is expected to generate £47.9 billion in 1996-97. The Institute for Fiscal Studies report suggested that while a sales tax would not be an appropriate tax for local authorities in a country as small as England, it might be an appropriate tax for a regional tier of government. If the Regional Assemblies were able to set a local sales tax in order to fund their expenditure that would need legislation, but that legislation would (or could) be quite independent of the legislation on local government finance. A regional sales tax would however require clearance at the European Community and may involve changes to the EU Sixth VAT Directive which would require negotiation with other member states.

Precepts

- 295 If Ministers were reluctant to give the Regional Assemblies access to a regional income or sales tax - and they may well not be willing for the new bodies to have access to a (usually) buoyant source of revenue - it would not be impossible for the Regional Assemblies to precept on the local authorities in their area, subject to the necessary changes to the legislation. The Receiver for the Metropolitan Police District precepts on local authorities in and around the capital even though the Metropolitan Police Authority is not a local authority. Precepting would be a cost-

effective way of raising funding for the Regional Assemblies. The costs of collection are not directly linked to the total amount collectable, so the costs of collection need not rise appreciably if the local authorities had to raise money for the Regional Assemblies as well as for themselves. But it would be strongly resented by local authorities; and it could not be used to collect significant sums of money. For example, it would not be feasible to transfer responsibility for the purchasing of health services to the Regional Assemblies without matching (or nearly matching) central government funding because spending on the National Health Service in England in 1995-96 will exceed £30bn, but the total yield from the Council Tax (the only local tax) is unlikely to exceed £10bn; and it is highly unlikely that the Council Tax would remain viable as a tax if it had to raise four times the present yield.

- 298 It would be easier to accommodate Regional Assemblies' precepts if the local tax base were wider than it is now - for example, if the responsibility for setting the non-domestic rate were returned to local control - but there would still need to be safeguards because taxes on property (like Council Tax and the non-domestic rate) are usually less buoyant than taxes on income or taxes on expenditure. (The option of allocating the proceeds of the non-domestic rate directly to Assemblies is not considered here.)
- 297 One sensible safeguard for precept levels would be a requirement that central government could not transfer the responsibility for a central government function to the Regional Assemblies without a matching transfer of funds (The level of those funds would need to be linked to change in, say, population and inflation in future years.) There would probably be merit also in safeguards to guarantee that any new function delegated to the Regional Assemblies by central government or the European Union should be backed by sufficient funding.
- 298 If local authorities' spending continues to be subject to limitation by central government there might be merit in applying the same rules to year-on-year increases in Regional Assemblies' spending as to local authority spending.

Audit

- 299 The Regional Assemblies would need to be subject to external audit. If they were to raise their money via precepts on local authorities it may be sensible to make the Audit Commission (which is responsible for the audit of local authorities) responsible for their audit.

Capital Expenditure

- 300 Although it is unlikely that Regional Assemblies will be involved in funding capital expenditure, if they are to do so, they will need to have the power to borrow. In giving Assemblies power to borrow there would be merit in legislation along the lines of that outlined in the Local Government and Housing Act 1989 to ensure that the Assemblies make proper provision in their revenue budgets for the cost of servicing the loans they have raised.
- 301 If there are any limits on the level of the taxes or precepts levied by the Regional Assemblies it should be unnecessary to limit their borrowings, provided that they have to make proper provision for the cost of borrowing in their revenue budgets. However, if there are no controls over the taxes or precepts levied by the Assemblies there may be a good argument for another body to regulate their external debt levels.

Local Government Finance

- 302 If funding for local government were to be allocated in regional blocks, leaving it to Regional Assemblies to distribute within the regions, negotiation with central government would be the role of the Assemblies, who would then make an assessment within the region of local authority spending needs. However, so long as the bulk of local government funding continues to come from central government, and therefore SSAs continue to be made by central government, local authorities would continue to deal directly with central government.

Economic Consequences

- 303 Careful thought will also be needed to the economic consequences, which do not arise at the Chamber stage but could (at least in principle) arise at the Regional Assemblies stage. These go beyond the basic tensions between autonomy and equity and include:

- macroeconomic stability.
- incentives to economy.
- support of economic efficiency.
- avoidance of tax competition between authorities.
- responsiveness to local electorates.
- devolution of macroeconomic policy.

A decision not to give Assemblies new tax-raising powers would reduce the significance of these issues.

Relations with Other Tiers of Government

- 304 Whatever the powers of Regional Assemblies, decisions will be needed in respect of the division of functions and powers between the different levels of government.
- 305 A clear separation of functions and powers produces clearer lines of accountability and is readily intelligible to the electorate. However, in practice there are few states which achieve such a clear division as Chapter 7 illustrates. The model of local government in the UK and the doctrine of parliamentary sovereignty makes it likely that Westminster will retain powers and continue to legislate in areas of regional government responsibility, although some autonomy will be established, and a degree of *de facto* entrenchment through the Assemblies' electoral mandates. In any case, as with local and central government at present, there will be areas where co-ordination between the three levels of government will be required.
- 306 If regional government is to have (in the long term) a role in allocating funds and supervising local government the relationship between local government and central government becomes an issue. A significant element of current central government activity in the regions is the supervision and allocation of resources to local authorities. If regional government were totally to take over the existing functions which central government performs in relation to local government then there may be no need for any direct administrative relationship between central and local government - although given the inevitable superiority of UK legislation (not to mention European legislation) even this would not detach local government entirely from central government influence.

Establishing Regional Assemblies

307 Given the significance of the shift from locally controlled Regional Chambers which will be controlled by local government, to directly elected Regional Assemblies, it is not realistic to assume automatic progression. As noted in Chapter 9, there is a key choice to be made between: rapid transition, which envisages a rapid move to elected Assemblies where there is demand for it (and regards the Regional Chambers from the outset as being essentially preparatory to this); and staged transition, which views elected Assemblies as achievable only as a longer term objective (and assumes that the Regional Chambers will, at least potentially, be a permanent state; and certainly one that is self-contained in itself). This approach is implicit in the conditions set for the establishment of Regional Assemblies in *A Choice for England*. (There is of course a further option of moving immediately to directly elected Assemblies throughout England. This would entail imposing Assemblies in at least some parts of the country. Moving immediately to an elected Assembly for all regions is not the position of any political party. The extent to which it is a practicable or desirable option is therefore not considered here.)

Rapid Transition

308 With rapid transition, a prior decision will have been made to proceed without delay to establishing a Regional Assembly where there is demand. This would be on the basis that enough is known now for a decision that direct election, with the additional legitimacy it brings, is a preferable way of providing democratic cover for identified regional functions - where sufficient support is shown. Both the Labour Party and the Liberal Democrats propose a test of popular support for each regions before a move to directly elected Assemblies giving rise to the prospect of Assemblies in some regions, but not in others.

309 If it were intended to move quickly to Assemblies, legislation would need to provide for the end model from the outset. A detailed White Paper (as discussed in Chapter 10), could set out the Chamber stage in terms that give sufficient confidence for the local authorities to build interim partnerships. This outline would have to be supported by central government co-operation with the Chambers, and suitable direction of quangos and other bodies. The White Paper would also make clear the intention to move rapidly to direct elections and set out the framework for the proposed Assemblies. It is suggested above that a main purpose of the White Paper would also be to consult widely on the principle of establishing Assemblies and their functions.

Staged Transition

310 If transition is staged, any examination of the transition from Regional Chambers to Regional Assemblies raises the question: why move on from the Chamber stage? There are three possible trigger points for a decision to move from established Chambers to directly elected Assemblies:

- a central government policy decision, as in France, that devolution of power from the centre to a uniform regional tier is desirable.
- a later central government decision to allow Assemblies 'where there is demand' in light of the experience of Chambers.
- pressure from some or all regions, whether or not through Regional Chambers, to have directly elected Assemblies; possibly as a result of other policy decisions, notably devolution to Scotland, Wales and a strategic authority for London.

- 311 The key determinant will be whether in the light of experience of Chambers, the case is established for putting regional government on to a directly elected basis. On the assumption that devolution to Scotland and Wales proceeds, experience of the operation of those devolved assemblies would also be influential; as would the extent to which it is perceived that Scotland and Wales have, in the process of securing devolved assemblies, obtained a stronger voice or disproportionate share of UK resources.
- 312 A staged approach to establishing Regional Assemblies would allow Chambers to establish themselves and the concept of regional government over a longer time scale. They could establish a regional identity and constituency and demonstrate their utility. The basic incentive for change would be the willingness of central government to devolve power from itself, but only to a body that had the legitimacy conferred by direct election. The local authorities composing each Regional Chamber would need to decide whether they were willing to accept their loss of the control they would have collectively through the Chamber.

Legislation

- 313 Whether on the rapid or the staged approach, the duty to prepare a scheme for transition to an Assembly could be laid either on the Regional Chambers or central government – either directly or through a Commission tasked with determining suitable regions for a change in status, following the Local Government Commission model.
- 314 On the rapid transition model, provision for Regional Assemblies would be included in the original legislation (and Regional Chambers may not exist as statutory bodies at all). Under a staged approach where the Chambers were established by (minimal) legislation, as discussed in Chapter 10, the legislation could make provision requiring the production by a set date of a scheme of transition to the Assembly stage. The legislation however need not necessarily provide any impetus or guidelines for the eventual aim of direct election – additional legislation for Regional Assemblies would be required in any case.
- 315 If, as seems likely, the change from Regional Chambers to Regional Assemblies is subject to a test of public opinion, uneven progression to Regional Assemblies will complicate the framing of legislation. It would be necessary for the legislation to accommodate the establishment of Regional Assemblies at different times and to anticipate where the test was not met, as may well be the case in much of the country, that Chambers would continue to exercise their functions indefinitely. Legislation may also need to accommodate the creation of Assemblies with different sets of powers. This would presumably take the form of an enabling measure, with each Assembly set up by secondary legislation (probably by Order requiring an affirmative resolution of both Houses).
- 316 Powers and functions could be devolved to Regional Assemblies in a staged process, starting with a minimalist package, with further options for which the regions could apply to the Secretary of State and which could be transferred to Regional Assemblies by Order. This could accommodate regional variation, but raises the question of whether an infinite variety of Assemblies could be accommodated. An alternative approach might be to devolve set packages of powers – so that bodies could be, for example, ‘type A’ or ‘type B’ Assemblies.

- 317 Such an approach would allow for a flexible approach and reduce the legislative time required. However, assuming such legislation were to be passed, it would leave the establishment of Regional Assemblies substantially to the discretion of the Secretary of State. Parliament would pass the enabling measure and have an opportunity at that point to debate the principle of establishing Regional Assemblies and endorse their powers and functions, but would only be able to approve or reject proposals for each individual Assembly, since secondary legislation cannot be amended. Safeguards such as requiring regions aspiring to Assembly status to meet certain conditions could be incorporated, but the initiative for laying Orders in Parliament would lie with the Secretary of State.

Conditions to be Met

- 318 *A Choice for England* proposes several conditions for transition from Chambers to Assemblies:

- a resolution by the Chamber.
- parliamentary resolution.
- a referendum in the region.
- a generally single-tier system of local government.

These are substantial hurdles, especially since, in the case of the last, there is a very clear lack of will in local government to contemplate a further round of reorganisation, after the bruising experience of the last five years. This may in any case be unnecessary. As Crowther Hunt and Peacock argued in their Memorandum of Dissent to the Report of the Royal Commission on the Constitution, the two existing tiers of local government exercise different functions rather than operate in a hierarchical relationship: "The question of an intermediate level of government between local authorities and central government is not ruled out by the excessive proliferation of levels argument. For most purposes we have a single tier structure of local government which contains in effect two different types of unitary authorities". As to the other conditions, it is a matter of judgment whether to leave the decision about moving to an Assembly entirely in the hands of a Chamber composed of local government representative who may not in the end willingly cede authority to an Assembly with an independent electoral base. Whether parliamentary resolution is required in each case turns on the framing of the legislation.

- 319 A test of popular opinion in the region does seem appropriate, and is discussed further below. But the implication of a set of conditions of this kind is that it is acceptable to have, for the long run a pattern for England in which some regions have elected Assemblies and others do not. This is a condition which a later Government could change if it were convinced that uniform Regional Assemblies were desirable.

Referendums

- 320 Both the Labour Party and the Liberal Democrats propose that Regional Assemblies should be dependent on popular support. The main reservation expressed about the use of referendums in this way is that the low turn out in local elections mean that the turn out in a referendum on Regional Assemblies is likely to be too low to have any meaning. Concern about the likely turnout is probably justified, but whilst low turn out in local elections certainly indicates the low esteem in which local government is held, it does not undermine the legitimacy of the election results.

- 321 A further argument is that requiring endorsement for Regional Assemblies in a referendum puts the onus on the status quo, rather than on reform. It follows that if the emphasis is to be on reform, it should be up to regions to hold a referendum to opt out of proposed Regional Assemblies. This is a very 'top-down' approach which runs against the grain of devolving power and decision making down to the regions. There is only really one region - the North - where it is possible to foresee circumstances in which a Government would seem justified in presuming support in favour of strong regional bodies. In the case of the North - and other regions which may emerge where there is similar evidence of support - it may be appropriate for the Secretary of State to waive the requirement of a referendum.
- 322 Given the absence of a strong sense of regional identity in England, a referendum may be the only practical way in some regions, in which decisions about boundaries can gain sufficient recognition to safeguard their long-term acceptance. The record of imposing artificial local government boundaries in the face of local opposition has shown how vulnerable unpopular decision can be to further change. The use of referendums to endorse regional boundaries is considered below.

Boundaries

- 323 The main decision required in relation to boundaries is whether the same boundaries should be maintained for Chamber and Assembly stages; and if there is a change, who should decide the new boundaries and how.
- 324 Retaining the same boundaries for Regional Chambers and Assemblies would provide some certainty to the Chambers in that the constituencies they try to cultivate during their early existence will be the same as those they later appeal to for support in establishing direct democracy. The Chambers will have effectively established the demos which must underpin the popular endorsement of Assemblies. Much depends on the speed of transition from Chamber to Assembly. If a rapid transition is envisaged, the Chamber boundaries should be determined more by the functions to be performed by the Assemblies. If the transition to Assemblies is long, drawn out and uncertain, the Chamber boundaries can be determined primarily by the function of the Chambers, holding open the possibility of later change.
- 325 It may in practice be difficult to change the boundaries adopted for the Chambers. *A Choice for England* suggests that a local referendum might help to define and legitimise the boundaries of any new Regional Assembly; but this requires a prior decision about the populace entitled to vote in the referendum. It also assumes that the dominant value should be local sentiment in defining regional identity, rather than seeking to define regions of an effective size to carry out the functions given to them.
- 326 This is not to argue against the importance of local sentiment. It may well be that the local sense of regional identity should be the prime determinant of regional boundaries; but if that is the case the Government should make that clear, and be prepared for some unexpected and possibly unwelcome results (as the experience of the Local Government Commission has shown). A pattern of smaller regions might emerge. The models currently being proposed assume that the existing structures of local government are too small to perform a regional strategic co-

ordination function although some division of existing regions might be workable. The Government would ultimately have to decide whether to give priority to local sentiment, or to the functional rationale for seeking to establish regional government and to ensure that the pattern of regional government is not an uneven patchwork with gaps in the middle.

- 327 If there is to be a change in boundaries between Regional Chambers and Assemblies, possible mechanisms for decision-making include:
- to only allow Chambers to make proposals for moving on to the Assembly stage on the basis of existing regional boundaries and to hold a referendum across the region to endorse that proposal.
 - requiring the Secretary of State to approve areas proposed by Chambers or other groupings of local authorities.
 - establishing a new Commission (such as the 'Parliamentary Commission' proposed by the Liberal Democrats) or extending the remit of the Local Government Commission, if it remains in being at the relevant time, either:
 - to make proposals, possibly for a pattern of smaller areas; this could include a pattern based on 'city regions' or on other areas where there is strong local identity but which are still large enough to make sense as a region with strategic functions: this implies a minimum area above that of existing single counties; or
 - to approve proposals put forward by Chambers or other groupings of local authorities.
- 328 Ultimately the Government may have to control the process, to ensure that the pattern of regional government is not an uneven patchwork with gaps in the middle. The Government will certainly need to control the process if it wants to control the result. Here the recent local government reorganisation is instructive. In Scotland and Wales the Government succeeded in introducing unitary local authorities because the review process was controlled the Scottish Office and the Welsh Office. In England the task was given to the Local Government Commission, with an impossible and conflicting remit, to secure effective and convenient local government, and to reflect the interests and identities of local communities. If a Commission is established the experience of the Local Government Commission suggests the Government needs to:
- give the Commission clear instructions.
 - be prepared for intensive local conflicts.
 - be prepared for a high incidence of litigation.
 - refrain from taking decisions until the end of the process.

Representation

- 329 Different electoral systems produce different results and patterns of representation. Choosing a system for regional government will depend on the criteria it is required to meet. The main choice is between the 'first past the post' system used in parliamentary and local government elections, and a form of proportional representation. Of the main choices available:
- 'first past the post' would provide close constituency ties for Regional Members and deliver 'strong' government through exaggerated majorities.
 - an additional member system (AMS) would combine single member constituencies, elected by 'first past the post', and provide proportionality through additional members elected from party lists.

- the single transferable vote system (STV) would require multi-member constituencies, would provide proportionality and would enable voter to discriminate between candidates of the same party.

330 The electoral system used for parliamentary elections should not necessarily dictate the system adopted at a regional level. Whereas nationally there is a degree of balance between the main political parties, the geographical distribution of party political support means that there is a greater danger at the regional level of one party domination. In considering this problem in relation to local government, the Commission for Local Democracy found that that 'first past the post': "produces results which in local government severely distort the representational pattern of councils and leave minorities permanently under- or un-represented. The system also tends to exaggerate partisan conflict at the expense of community leadership, consensus and participation". As a result the Commission concluded that: "...irrespective of the case for proportional representation in national elections, the case for it at the local level is overwhelming". This case seems equally strong in respect of Regional Assemblies.

331 A further issue is whether every region has to adopt the same electoral system. A common electoral system has the advantage of being easier to understand and will give Assemblies the same status as each other. On the other hand, different regions may want to achieve different balances within the region, for example, between urban and rural areas, or between sub-regions which may be difficult to accommodate if a common system is imposed. The answer may be to set a minimum common standard covering the size of the Assembly (possibly linked to population), proportionality of representation, including provision for minority parties, and the frequency of elections.

Dual Membership

332 The obvious source of experienced politicians is members of local authorities, some of whom will already have been members of the Regional Chamber. In the interests of continuity and experience there is a lot to be said for encouraging local government councillors to stand; but there are two possible arguments against. So long as the Assembly continues with the functions of the Regional Chamber (which are all pooled local government functions) it may be desirable to constitute an Assembly of which a set proportion - but less than half - consisted of indirectly elected local government representatives nominated to sit in the Assembly. However, if the new functions of the Assembly included supervision and resource allocation to the local authorities in the region, rules about conflict of interest and voting rights would need careful definition.

333 A further practical obstacle will be whether local councillors have the capacity for an enlarged work load. With the average local councillor spending 74 hours per month on council business⁶⁵, additional membership of a Regional Assembly would make combining these roles with full time employment impossible.

334 The other possible source of experienced politicians is MPs. Here the main question is work load and not so much conflict of interest. The demands made by membership of a Regional Assembly will again depend upon its functions; but it seems unlikely to be a full time occupation. Depending upon how part time it is, it might be something which could be combined with membership of the Westminster Parliament: as was membership of the European Parliament when it started. There was (and is) no bar on MPs standing for the European

Parliament (although there are internal party rules): dual membership has been left to find its own level, determined by the workload and the views of constituents. The same could apply in the case of membership of the Westminster Parliament and Regional Assemblies.

Uniformity or Diversity

- 335 The support for regional government and the strength of regional identity varies considerably from region to region. If the development of a regional tier is driven by the regions themselves, different regions will move at different speeds.
- 336 In legislating for Regional Assemblies, a decision will need to be taken about whether variation between the regions can be tolerated (as the current Labour Party proposals do) and, if so, in which areas and to what extent. It will be necessary to determine whether there are areas of activity or issues relating to the composition, structures and organisation of Assemblies which demand uniform treatment; and whether there are items where variation would be possible or even positively desirable. Some of the arguments for and against uniformity, either generally or in relation to particular functions, are set out below.

Grounds for Uniform Provision

- 337 Grounds for uniform provision include:
- decisions of principle. It may be that as a matter of principle it is judged desirable for a particular function to be performed by an elected body and to be carried out at a regional level. This argument should carry equal weight throughout the country.
 - to set minimum standards or thresholds. It may be considered desirable to set minimum standards or thresholds in respect of:
 - process: a basic framework for the way in which Assemblies organise and structure themselves e.g. stipulating an electoral system which ensures the representation of minority parties.
 - outcomes: limitations to extent of discretion in exercising powers reflecting a recognition that equality of provision is expected nationally. The NHS is perhaps the best example of this (although there are currently no proposals to give regional government substantial powers in relation to NHS). Environmental protection would be another area where national standards might be applied.
 - efficient administration. It will clearly be more complicated and expensive for the national tier to administer a mixed regime - some regions with Assemblies; others without.
 - accountability. It may be confusing for the electorate if regional government operates differently in different parts of the country.

Grounds for Variation

- 338 Grounds for variation include the need to:
- be responsive to local views, needs and demands. If part of the rationale of devolving power to the regions is to allow for decisions to be informed by regional requirements then it follows that variation should be allowed. In particular if regions do not want Assemblies, they should not be made to have them.

- to foster innovation and improvement of standards.
- to give a sense of local ownership and involvement. For example, each Spanish region drafted its own autonomous statute.

339 It would no doubt be possible to accommodate a pattern in England under which Assemblies existed in some regions – or perhaps only one; or in which there were Assemblies with very different levels of functions. But the consequences particularly if the powers of Assemblies were to become substantial, deserve much further reflection and debate.

Conclusion

- 340 Only with directly elected Regional Assemblies can significant central government functions be devolved to the regions. That will be the main incentive for Regional Chambers to move to Regional Assemblies. Perceptions and experience of devolved assemblies in Scotland and Wales will also be influential. In particular, the extent to which it is perceived that Scotland and Wales have, in the process of securing assemblies, obtained a disproportionate share of UK resources.
- 341 The timing and manner of the change to Regional Assemblies will therefore depend on the strength of support for more extensive regional powers and functions and the willingness of central government to give up some of its powers. Pressure for decentralisation which goes beyond that offered by Chambers could come from central government or from the regions themselves. In the North East (but perhaps in no other region), there are already expectations of greater decentralisation than can be achieved through the Chamber model. The extent to which the establishment of Regional Chambers (and devolution to Scotland and Wales) may produce similar pressures elsewhere in the country remains to be seen.

Chapter 15

Concluding Observations

*"The archdeacon hath divided it
Into three limits very equally
England, from Trent to Severn hitherto
By south and east, is to my part assigned;
All westward...
[They quarrel]"*

William Shakespeare, Henry IV Part I: Act III, Scene I

Introduction

- 342 This report has dwelt more on means than on ends; it is intended as a practical guide to the issues that need to be faced. It has taken recent proposals as a starting point, seeking to define key choices about objectives and practical means of implementation, rather than pronouncing on policy.

Checklist of Decisions

- 343 This final chapter provides a check list of the decisions that need to be taken, if any version of regional devolution in England is to happen.

Questions of Principle

Why regional government? The motivation for establishing a regional tier of government might be:

- to administer central government functions more efficiently and effectively in the regions.
- to enable co-ordination of local authority functions at a regional level and the development of partnerships with other regional actors.
- to provide democratic accountability for policy decisions and administration of government functions in the regions (including the possible transfer of functions currently performed by central government and quangos to regional assemblies).

If decentralisation of power is an objective, is there a real intention and willingness to reduce the proportion of power held at the centre?

Questions of Context

What mechanism is proposed for central review the powers and structures of quangos and other relevant centrally controlled agencies?

What proposals are there for increasing the powers, including financial independence, of local government?

What further decentralisation of central government functions to regional offices is desirable?

Questions of Implementation

Which of the conceptual models for implementing a democratic regional tier has most advantage:

- regional parliamentary assemblies composed on MPs and MEPs
- a confederation of local authorities through appointed or elected representatives (Regional Chambers).
- directly elected assemblies (Regional Assemblies).
- the rationalisation and merger of regional bodies with strategic functions.

Are there advantages in instituting voluntary arrangements ahead of legislating for a regional tier of government?

If indirectly elected Regional Chambers are established as a first stage, with the possibility that they could last for a substantial period:

- should they be established through a forceful White Paper?
- would they require (minimal) legislation to be credible?

In either case, decisions would be needed as to:

- their functions and powers.
- their area boundaries and size.
- their composition, and representation of minority parties.
- the representation of non-elected interests.

Directly elected Regional Assemblies would be significant step and require legislative backing, decisions would be needed as to:

- their functions and powers.
- reporting lines from and to Government Offices.
- whether they should be established with uniform powers and at the same time nationwide, or not.
- how they would co-exist with two tier local government.
- the need for a test of local support, and the mechanisms for securing this.
- their area boundaries and size.
- what system of election should be adopted.
- how they would be financed.

Conclusion

344 The central argument of this report is that, compared with the other parts of the United Kingdom, the debate about regional government is not well developed. This is perhaps not surprising, since no parts of England (perhaps excepting Cornwall) have serious claims to be separate nations; although it may change with the advent of a wider movement towards decentralised government within the UK. Nor is there general agreement on a pattern of regions for the whole of England. The underlying decisions about devolution affect businesses, voluntary organisations, providers of public services and, in the end, citizens - they are political, not technical. Particularly in respect of Assemblies further focused public debate is needed before decisions are made.

344 It will require considerable determination and political will for central government to devolve significant powers and functions to the regions; and the Government is only likely to relinquish such powers if there is strong regional demand. The demand has not yet strongly surfaced because the devolution debate in England has not yet taken place. In launching the devolution process a new Government must also stimulate a public debate, to ensure that devolution is in response to popular demand, and that the particular solutions proposed are designed to meet locally expressed needs.

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